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1981/06/16



DEPARTMENT OF STATE

WASHINGTON, D.C. 20520

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Secretary Haig's Visit
to the Far East

Day Book

Beijing June 16

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SCHEDULE FOR JUNE 16

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TUESDAY, JUNE 16

0700- Breakfast at Guest House for you and
0830 Mrs. Haig. Followed by staff/private time.

1000 You and participants in the meeting with
Vice Chairman Deng depart for the Great Hall
of the People.

1015 Arrival at Great Hall of the People for
meeting with Deng. U.S. participants
include Holdridge, Roy, Walters, Simkus
and Chang (interpreter).

1145 Meeting concludes. Return to Diaoyutai
Guest Houses.

1230- Lunch at the Guest House for you, Mrs. Haig,
1400 official party and staff in Guest Houses 7
and 8.

1515 You and participants in meeting with Premier
Zhao depart for Zhongnanhai.

1530 Arrival at Zhongnanhai for meeting with
Premier Zhao. U.S. participants include
Holdridge, Roy, Walters, Armacost, Lilley,
Goldberg, Rope (notetaker) and Chang (inter-
preter).

1700 Meeting concludes. Return by motorcade to
Diaoyutai.

1715 Arrival at Diaoyutai Guest House.

1900 You, Mrs. Haig and official party leave for
return banquet at Great Hall of the people.

1915 Arrival at Great Hall of the People.

1930 You and Mrs. Haig meet Huang Hua and Madame He
at the banquet room door and escort them to
their assigned seats. Banquet begins. You
give your toast after the final main course.

2130 Banquet concludes. You and Mrs. Haig escort
Huang Hua and Madame He to the banquet room
door. Depart for Minzu Hotel.

2200 Press Conference at Minzu Hotel.

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INTERNATIONAL

AFGHANISTAN
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- ° WE SHARE COMMON COMMITMENT TO COMPLETE SOVIET WITHDRAWAL; RESTORE INDEPENDENT, NEUTRAL, NON-ALIGNED AFGHANISTAN; CAN'T DO THIS BY POLITICAL MEANS ALONE, THOUGH WE MUST KEEP TRYING.
- ° SO WE NEED INTERNATIONAL SUPPORT FOR THE RESISTANCE, BUT THAT CREATES RISKS FOR PAKISTAN; SO WE ARE WORKING HARD TO SHORE UP PAKS. PAKISTAN AND THE ISLAMIC STATES SHOULD KEEP PRESSURE ON MOSCOW FOR POLITICAL SOLUTION.
INDIA
PAK.
Freedom Fight
- ° STRONG UNGA RESOLUTION THIS FALL NEEDED; INTERNATIONAL CONFERENCE ON THE REFUGEE PROBLEM MIGHT HELP. WHAT IDEAS DO YOU HAVE?
- ° WE HAVE DIFFERING APPROACHES TO KAMPUCHEA, BUT THEY ARE COMPLEMENTARY. WE WILL CONTINUE TO BACK ASEAN AND GIVE POLITICAL SUPPORT TO SON SANN, WHILE SUPPORTING THAILAND AND HELPING WITH REFUGEE PROBLEM. YOU HAVE YOUR OWN APPROACH, WHICH I, FRANKLY, APPLAUD. WE MUST KEEP MAXIMUM PRESSURE ON.

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BILATERAL

- ° YOU MENTIONED LAST NIGHT HOW FAR OUR RELATIONSHIP HAS DEVELOPED, AND WE WANT TO GO EVEN FARTHER.
- ° REAGAN ADMINISTRATION INTENDS TO TREAT CHINA AS A FRIENDLY COUNTRY WITH WHICH WE ARE NOT ALLIED BUT HAVE MANY COMMON INTERESTS.
- ° THUS WE INTEND TO PROPOSE TO CONGRESS LEGISLATION AMENDING A HOST OF U.S. LAWS DATING FROM TIME OF OUR PAST ADVERSARIAL RELATIONSHIP WHICH LUMP CHINA WITH SOVIET BLOC AND DISCRIMINATE AGAINST PRC.
- ° IN THIS CONTEXT, PRESIDENT REGEAN HAS ISSUED A DIRECTIVE SUBSTANTIALLY INCREASING POSSIBLE LEVEL OF U.S. TECHNOLOGY TRANSFER TO CHINA. THIS IS IN OUR OWN INTEREST, SINCE WE HAVE STRONG INTEREST IN YOUR MODERNIZATION.
- ° PRESIDENT REAGAN ALSO INTENDS TO SUSPEND THE PROHIBITION ON ARMS SALES TO CHINA AND CONSIDER ANY REQUESTS FOR EXPORT OF MUNITIONS TO CHINA ON A CASE BY CASE BASIS, JUST AS WE DO WITH ALL OTHER FRIENDLY NATIONS.

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Might wish to mention
TRA is supported by,
& in fact drafted by,
broad spectrum of
Congressional opinion
ranging from liberal
Democrats such as John
Glenn to conservative
Republicans

At first
accepted
these
provisions

Believe Chiang Ching-kuo's
hard position due more to
sense of abandonment
than to any other
reason

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- ° SECDEF WEINBERGER HAS ASKED ME TO INVITE YOU TO SEND A REPRESENTATIVE TO WASHINGTON, PERHAPS PLA GENERAL STAFF VICE CHIEF LIU HUAQING (LEE-YO-HWA-CHING), TO THE U.S. LATER THIS SUMMER TO DISCUSS WHAT TYPES OF EQUIPMENT AND TECHNOLOGY MIGHT BE OF INTEREST TO CHINA; WE WON'T ANNOUNCE OUR DECISION UNTIL AFTER WE HAVE CONSULTED FULLY WITH ALLIES AND FRIENDS, AS WELL AS CONGRESS. |

- ✓ ° WE ARE CONCERNED ABOUT POSSIBLE CHINESE EXPORTS OF SENSITIVE NUCLEAR MATERIALS WITHOUT SAFEGUARDS. URGE YOU TO REQUIRE ALL PURCHASERS TO UNDERTAKE IAEA SAFEGUARDS AND INSIST NOT ONLY ON PEACEFUL USES GUARANTEES BUT ALSO GUARANTEES OF NO "PEACEFUL NUCLEAR EXPLOSIONS." |

- ✓ ° WE HOPE U.S. CAN PARTICIPATE IN CHINA'S NUCLEAR POWER DEVELOPMENT. I'M PLEASED A U.S. DELEGATION IS COMING HERE NEXT MONTH.]

- ° I HOPE JOHN HOLDRIDGE'S TALKS ON CONSULATES IS SUCCESSFUL AND THAT WE CAN SETTLE FINAL DETAILS ON NEW YORK AND SHENYANG DURING THIS VISIT. |

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TAIWAN

- PRESIDENT REAGAN AND ALL MEMBERS OF HIS ADMINISTRATION SUPPORT THE JOINT COMMUNIQUE; TRA IS INTERNAL U.S. LAW WHICH WE IMPLEMENT IN A MANNER CONSISTENT WITH THE COMMUNIQUE.
- WE APPLAUD CHINA'S STATED INTENT TO RESOLVE TAIWAN'S PROBLEM ONLY THROUGH PEACEFUL MEANS; TENSION IN STRAIT ALL TIME LOW.
- WE MADE CLEAR AT NORMALIZATION WE'D CONTINUE SELLING CAREFULLY SELECTED DEFENSIVE ARMS TO TAIWAN, AND WE HAVE DONE SO. NOTHING WE WILL DO IN THE FUTURE WILL DEPART FROM WHAT WE HAVE SAID, OR DONE IN THE PAST.
- NO DECISION ON ADVANCED FIGHTER AIRCRAFT COMING THIS YEAR; IT WILL, HOWEVER, BE NECESSARY TO REPLACE SOME AIRCRAFT, DUE TO NORMAL ATTRITION OF TAIWAN'S PRESENT FORCES, BY THE END OF THIS YEAR.
- WE RECOGNIZE ACUTE SENSITIVITY OF THIS FOR YOU AND WILL ACT PRUDENTLY, WITH RESTRAINT. SENSITIVE MATTER FOR US TOO. MANY AMERICANS FEEL WE TREATED TAIWAN UNNECESSARILY SHABBILY AT NORMALIZATION. BUT EVEN THOUGH WE WILL ACT TO TREAT OUR FRIENDS THERE WITH GREATER DIGNITY, WE WILL NOT DEPART FROM UNOFFICIAL

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NATURE OF OUR RELATIONS. YOU SHOULD NOT OVERREACT
WHEN THEY TRY TO MAKE MORE OUT OF OUR UNOFFICIAL
RELATIONSHIP THAN THERE IS.

- ° PLEASE DON'T PROTEST EVERY STATEMENT BY LOCAL, STATE,
EVEN SOMETIMES FEDERAL OFFICIALS WHICH DEPARTS FROM
OUR ESTABLISHED POLICY IN THIS AREA. YOU CAN COUNT
ON US TO STICK BY IT, EVEN THOUGH THERE MAY BE
OCCASIONAL BLOOPERS, EVEN AT HIGH LEVELS.

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TALKING POINTS - Second meeting.

INTELLIGENCE BRIEFINGS

--- GENERAL WALTERS IS NOW BRIEFING GENERAL WU XIUQUAN
(WOO SYOH - CHWENN) AT THE MINISTRY OF NATIONAL DEFENSE.

--- WE EXPECT OUR EMBASSY WILL PERIODICALLY *B/A*
PROVIDE SUCH BRIEFINGS IN THE FUTURE.

--- WE HAVE GREAT CONFIDENCE WHO IS *B/A*
A HIGHLY PROFESSIONAL OFFICER. WE BELIEVE HIS BRIEFINGS
WILL BE VERY USEFUL TO YOU.

Burt/June 12, 1981/014

STRATEGIC OVERVIEW -- POINTS TO MAKE

-- NINE YEARS AGO, I PARTICIPATED, AS YOU KNOW, IN THE OPENING OF THE US-CHINA RELATIONSHIP. I BELIEVED THEN -- AND I BELIEVE NOW -- THAT THE US-CHINA RAPPROCHEMENT WAS THE MOST SIGNIFICANT FAVORABLE STRATEGIC DEVELOPMENT OF THE 1970S.

-- IN THE 1980S -- A DECADE THAT HOLDS OUT GREAT DANGERS FOR BOTH OF OUR GREAT NATIONS -- THERE ARE IMPORTANT STRATEGIC REASONS FOR US-CHINESE TIES TO GROW DEEPER AND STRONGER.

-- BECAUSE OUR RELATIONSHIP HAS SUCH A STRONG STRATEGIC RATIONALE, IT IS IMPORTANT THAT YOU UNDERSTAND HOW THE NEW REAGAN ADMINISTRATION VIEWS THE WORLD. I AM HERE TO EXPLAIN OUR GLOBAL POLICIES AND TO EXPLORE WAYS OF COOPERATING WITH YOU TO HALT AND TURN BACK SOVIET IMPERIALISM. (FYI. HERE YOU COULD SAY THAT RICK BURT HAS AN EXTENDED PRESENTATION ON US GLOBAL PERSPECTIVES THAT COULD BE GIVEN LATER IN THE VISIT TO APPROPRIATE OFFICIALS IF THE CHINESE ARE INTERESTED. END FYI)

-- TWO BASIC POINTS: FIRST, WE HAVE RECOVERED FROM SELF-DOUBTS OF THE VIETNAM AND WATERGATE PERIOD. IN OTHER WORDS, WE WILL RESTORE US STRENGTH AND LEADERSHIP. SECOND, WE ARE NOT CONFUSED ABOUT THE PRINCIPAL CHALLENGE TO GLOBAL STABILITY -- THE SOVIET UNION.

-- THE SOVIET CHALLENGE: MANIFESTED IN MANY WAYS -- A RELENTLESS MILITARY BUILDUP USED TO INTIMIDATE NEIGHBORS AND THE USE OF PROXIES, SUCH AS CUBA AND VIETNAM, TO EXPLOIT INSTABILITY IN THE THIRD WORLD.

-- THE SOVIETS CLEARLY HAVE A GLOBAL STRATEGY -- E.G., WE SEE THEIR DIRECT OR INDIRECT WORK IN EUROPE (TNF), IN THE MIDDLE EAST, IN AFRICA (ANGOLA, ETHIOPIA), IN LATIN AMERICA (CENTRAL AMERICA) AND IN EAST ASIA.

-- BUT THE SOVIETS ARE NOT TEN FEET TALL. THEY SUFFER FROM INTERNAL PROBLEMS AND THEIR EMPIRE, AS SHOWN IN POLAND AND AFGHANISTAN, IS DANGEROUSLY OVER-EXTENDED. WE CANNOT, HOWEVER, SIT BY AND WAIT FOR THE SOVIET EMPIRE TO COLLAPSE. THEIR VERY WEAKNESSES COULD LEAD THEM TO ENGAGE IN INCREASINGLY RISKY BEHAVIOR.

-- THE US RESPONSE: A THREE-PART STRATEGY.

-- FIRST, THE REAGAN PROGRAM FOR REINVIGORATING THE AMERICAN ECONOMY.

-- SECOND, A FOREIGN POLICY THAT IS CLEAR ON ONE ALL-IMPORTANT POINT: WE WILL SUPPORT OUR FRIENDS AND PUNISH OUR ENEMIES (E.G., WE ARE HELPING EL SALVADOR, MOROCCO, EGYPT, SAUDI ARABIA, PAKISTAN, THAILAND. WE ARE CLAMPING DOWN ON CUBA, LIBYA, VIETNAM).

-- THIRD, WE ARE SUBSTANTIALLY INCREASING OUR MILITARY POWER. \$32 BILLION IN DEFENSE BUDGET GOING FOR:

-- MODERNIZED STRATEGIC NUCLEAR FORCES, SUCH AS NEW BOMBER AND CRUISE MISSILE.

-- NEW THEATER NUCLEAR AND CONVENTIONAL FORCES, INCLUDING CRUISE MISSILES, TACTICAL AIRCRAFT AND GROUND FORCE EQUIPMENT.

-- A LARGER, MORE MODERN NAVY OF UP TO 600 SHIPS, INCLUDING 15 CARRIER BATTLE GROUPS.

-- NEW POLICIES WILL BE APPLIED IN EVERY REGION:

-- IN EUROPE, ROME COMMUNIQUE DEMONSTRATED OUR COMMITMENT TO REVITALIZING US LEADERSHIP BEHIND A STRENGTHENED, UNITED NATO. WE HAVE COMMITTED OURSELVES TO TNF NEGOTIATIONS WITH MOSCOW, BUT WE BELIEVE ARMS CONTROL IS A COMPLEMENT, NOT A SUBSTITUTE FOR MILITARY MODERNIZATION.

-- IN THE MIDDLE EAST, WE ARE PURSUING DUAL-TRACK APPROACH OF BUILDING A STRATEGIC CONSENSUS (PAKISTAN, SAUDI ARABIA, TURKEY, EGYPT) AND PUSHING AHEAD WITH THE ARAB-ISRAELI PEACE PROCESS.

-- IN AFRICA, OUR APPROACH TO THE NAMIBIA PROBLEM IS DESIGNED TO LIMIT SOVIET-CUBAN OPPORTUNITIES IN THE REGION. WE ARE TAKING MEASURES AGAINST QUADDAFI TO GET THE LIBYANS OUT OF CHAD.

-- IN CENTRAL AND LATIN AMERICA, OUR POLICIES IN EL SALVADOR AND NICARAGUA ARE DESIGNED TO DEMONSTRATE OUR OPPOSITION TO SOVIET-CUBAN INTERVENTION. IN ADDITION TO MILITARY EFFORTS, WE ARE FASHIONING BOLD ECONOMIC PROGRAM FOR THE CARIBBEAN BASIN.

-- IN EAST ASIA AND THE PACIFIC, WE WILL MAINTAIN A STRONG MILITARY PRESENCE AND AT ASEAN CONFERENCE THIS COMING WEEK, I WILL CARRY PUBLIC MESSAGE OF US SUPPORT FOR ASEAN NATIONS, INCLUDING THEIR APPROACH TO KAMPUCHEA. AT ANZUS MEETING, WE WILL SEEK CLOSER COOPERATION IN PACIFIC AND INDIAN OCEAN.

-- WITH JAPAN AND KOREA, OUR SECURITY TIES WILL BE DEEPENED. OUR VIEWS ABOUT THE KOREA PENINSULA DIFFER, BUT YOU SHOULD KNOW WE SEEK STABILITY THERE AND A PEACEFUL SOLUTION TO THIS DIFFICULT PROBLEM.

OPENING PRESENTATION - STRATEGIC OVERVIEW

INTRODUCTION

--THIS IS THE FIRST VISIT TO CHINA BY A SECRETARY OF STATE SINCE NORMALIZATION, AND OUR FIRST MAJOR BILATERAL EXCHANGE DURING THE REAGAN ADMINISTRATION.

--WE HAVE EAGERLY LOOKED FORWARD TO THIS OPPORTUNITY. IT IS VERY SIGNIFICANT FOR BOTH US AND CHINA.

--I WAS LAST HERE NINE YEARS AGO, AT THE BEGINNING OF THE US/CHINA RELATIONSHIP. US/CHINA RAPPROCHEMENT WAS THE MOST SIGNIFICANT FAVORABLE STRATEGIC DEVELOPMENT OF THE 1970'S.

--IN THE 1980'S WE NEED TO STRENGTHEN OUR COOPERATION TO MEET THE MAJOR THREAT TO WORLD PEACE AND SECURITY, SOVIET EXPANSIONISM. THAT THREAT HAS GROWN TREMENDOUSLY OVER THE PAST DECADE DUE NOT ONLY TO A MASSIVE SOVIET ARMS BUILD-UP, BUT ALSO TO THE FAILURE OF THE WEST TO RECOGNIZE AND CONFRONT THE CHALLENGE.

--PRESIDENT REAGAN WAS ELECTED ON A PLATFORM DEDICATED TO RESTORING AMERICA'S STRENGTH AND LEADERSHIP. THE U.S. HAS RECOVERED FROM THE TRAUMAS OF THE 1960'S AND 70'S AND IS PREPARED TO MOVE BEYOND ITS PASSIVE POST-VIETNAM FOREIGN POLICY TO DEAL DECISIVELY WITH THE REALITIES OF THE 1980'S.

--I AM HERE TO EXPLAIN HOW PRESIDENT REAGAN VIEWS THE WORLD, AND TO EXPLORE WAYS OF COOPERATING WITH YOU IN A GLOBAL EFFORT TO HALT AND TURN BACK SOVIET IMPERIALISM.

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THE SOVIET THREAT

--WE AGREE WITH YOU THAT THE SOVIETS AND THEIR PROXIES ARE THE MAJOR THREAT TO WORLD PEACE IN THIS DECADE, AND THAT IT IS IMPERATIVE THAT ALL PEACE-LOVING NATIONS UNITE TO PREVENT THEM FROM ACHIEVING THEIR AIM OF GLOBAL DOMINATION.

--THE SOVIETS HOPE TO ACHIEVE THIS GOAL DIRECTLY OR INDIRECTLY WITHOUT WAR, BUT THEY WILL NOT HESITATE TO USE MILITARY FORCE IF THEY BELIEVE THEY CAN GET AWAY WITH IT.

--YOU ARE AS FAMILIAR AS WE ARE WITH THE PATTERN OF THE SOVIET EFFORT TO ACHIEVE MILITARY SUPERIORITY. IN EVERY AREA -- STRATEGIC AND THEATER, NUCLEAR AND CONVENTIONAL, ON LAND, AT SEA AND IN THE AIR -- THEY HAVE SPENT THEIR RESOURCES LAVISHLY. THEY HAVE ACHIEVED STRATEGIC EQUALITY WITH THE WEST, AND ARE GOING ALL OUT TO ACHIEVE SUPERIORITY IN THE NEXT FEW YEARS. IN SEVERAL THEATERS, THEY HAVE ALREADY ACHIEVED DANGEROUS SUPERIORITY.

--THEIR STRATEGY IS GLOBAL. THEY ARE MAKING EVERY EFFORT TO TRANSLATE THEIR GROWING MILITARY POWER INTO POLITICAL DOMINATION OF NATIONS THROUGHOUT THE WORLD.

--THEY ARE USING TWO POWERFUL INSTRUMENTS TO DO THIS:

--INTIMIDATION. THEY SEEK TO USE THEIR MILITARY BUILD-UP TO OVERAWE THE NATIONS ON THEIR BORDERS AND BEND THEM TO THEIR WILL. THEY SEEK TO SPLIT THE ALLIANCES AND COALITIONS THAT OPPOSE THEM, AND TO FORCE THE WEAKER MEMBERS TOWARD NEUTRALITY AND CAPITULATION.

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*Have been
discussing
the situation of
the USSR in
the USSR
support*

--USE OF PROXY FORCES. THEY EXPLOIT INSTABILITY AND REGIONAL CONFLICTS IN STRATEGIC AREAS OF THE THIRD WORLD. THEY ENLIST FOREIGN SURROGATES WHO FIGHT ON THEIR BEHALF AND ALLOW BASES, PREPOSITIONED WAR RESERVE MATERIEL AND TRAINING ON THEIR TERRITORY. THESE SURROGATES ALSO SERVE AS SOVIET MOUTHPIECES INTERNATIONALLY.

--USING THESE TOOLS, THEY HAVE GAINED INCREASING FREEDOM OF ACTION OVER THE PAST DECADE. THEIR RECORD OF STRATEGIC GAINS IS IMPRESSIVE.

-- SOVIET INTERVENTION, DIRECTLY OR THROUGH SURROGATES, IS OCCURRING IN AFGHANISTAN, KAMPUCHEA, EL SALVADOR, AND THROUGHOUT AFRICA. THEIR PRESSURE ON STRATEGIC CHOKE-POINTS IS STEADILY INCREASING.

-- IN EUROPE, WHERE WARSAW PACT FORCES OUTNUMBER THOSE OF NATO, THE SOVIETS ARE WAGING A POLITICAL AND DIPLOMATIC CAMPAIGN TO WEAKEN SUPPORT FOR US MILITARY TIES AND BLOCK NATO'S MILITARY MODERNIZATION.

-- IN THE MIDDLE EAST AND SOUTHWEST ASIA, SOVIET INTERVENTION IN AFGHANISTAN AND SUPPORT OF RADICAL GROUPS AND TERRORIST ACTIVITIES HAS CREATED AND EXACERBATED TENSIONS THROUGHOUT THE REGION. THEY HAVE MADE IT DIFFICULT TO ACHIEVE A LASTING AND

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COMPREHENSIVE ARAB-ISRAELI PEACE SETTLEMENT. THEIR ROLE IN THE
CURRENT LEBANON CRISIS COMPLICATES EFFORTS TO NEGOTIATE A
PEACEFUL RESOLUTION OF THE CONFLICT. THE SOVIETS ARE NOW
STRATEGICALLY POSITIONED TO THREATEN THE WORLD'S ACCESS TO
PERSIAN GULF OIL.

-- IN AFRICA, MOSCOW CONTINUES IT EFFORTS TO GAIN FOOTHOLDS,
ESPECIALLY IN THE HORN AND SOUTHERN AFRICA. THE SOVIETS HAVE
GAINED ACCESS TO FACILITIES IN ANGOLA, LIBYA AND ETHIOPIA AND
SEEK--THROUGH CUBA AND LIBYA--TO EXTEND THEIR GRASP THROUGHOUT
THE REGION.

-- IN THE WESTERN HEMISPHERE, THE SOVIET UNION, AGAIN THROUGH
CUBA, HAS DEEPEND ITS PENETRATION AND INCREASED ITS SUPPORT FOR
A WIDE RANGE OF SUBVERSIVE ACTITIVIES.

-- IN EAST ASIA, MOSCOW HAS ENHANCED ITS CAPABILITIES TO
PROJECT POWER AND THREATEN PACIFIC SEA LANES BY GAINING ACCESS
TO VIETNAMESE FACILITIES. IT IS THE INDISPENSIBLE UNDERWRITER
OF VIETNAMESE HEGEMONISM. VIETNAM'S SOVIET-BACKED OCCUPATION
OF KAMPUCHEA IS THE MAJOR THREAT TO SECURITY AND STABILITY IN
THE REGION.

SOVIET WEAKNESSES

--DESPITE THESE STRATEGIC ADVANCES, THE SOVIET UNION HAS
SERIOUS WEAKNESSES THAT CAN BE EXPLOITED.

--THEY HAVE NO REAL ALLIES; THEY HAVE AN EMPIRE RIVEN BY
INTERNAL DISSENSION AND RESENTMENT OF THEIR DOMINATION.

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--THEY HAVE NO ANSWERS TO THE ECONOMIC AND SOCIAL ASPIRATIONS OF THE PEOPLES OF CENTRAL EUROPE OR CENTRAL ASIA WHO LIVE UNDER THEIR MILITARY DOMINATION.

--IN AFGHANISTAN, THE SOVIETS ARE BOGGED DOWN, WITH NO PROSPECT OF EARLY SUCCESS IN THEIR EFFORTS TO CONQUER A FIERCELY INDEPENDENT PEOPLE.

--IN POLAND, THEY HAVE SEEN THE RISE OF A TRULY INDEPENDENT AND POPULARLY-BASED WORKERS MOVEMENT WHICH THREATENS THEIR CONTROL. *Partly discipline gone - after 75 years.*

--IN SOUTHEAST ASIA, THEIR SUPPORT FOR VIETNAMESE IMPERIALISM HAS ISOLATED THEM AND HAS RAISED THE VIGILANCE OF THE OTHER COUNTRIES IN THE REGION TO THEIR DESIGNS.

--AND IN THE USSR ITSELF, THE SOVIET REGIME FACES MAJOR ECONOMIC AND SOCIAL CHALLENGES WITH LITTLE PROSPECT OF MEETING THEM. ITS ECONOMY IS MISMANAGED AND STAGNANT. ITS POLITICAL DOGMA HAS LOST ITS ATTRACTION, AND MOST SIGNIFICANTLY, HAS BRED A DEEP CYNICISM AMONG ITS OWN PEOPLE. ITS POLITICAL LEADERSHIP HAS BECOME INBRED AND MYOPIC. AND IT HAS LOST THE ABILITY TO MOTIVATE ITS PEOPLE, WHO, CONDITIONED FOR SO MANY YEARS TO A WAR PSYCHOSIS, DEMAND AND DESERVE A BETTER LIFE.

--MOSCOW'S RESPONSE TO THESE DEMANDS IS TIGHTER REPRESSION AT HOME AND MILITARY ADVENTURISM AND SUBVERSION ABROAD.

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US RESPONSE

-- TO TAILOR OUR RESPONSE TO THE ONE REAL CHALLENGE THE SOVIETS DO POSE...MILITARY POWER AND POLITICAL SURVERSION...WE MUST TAILOR OUR RESPONSE TO MEET THEIR STRENGTHS AND TAKE ADVANTAGE OF THEIR WEAKNESSES.

-- WE WILL DO THIS BY RELYING ON OUR STRENGTHS: OUR TRADITION OF WORKING AS FAIR AND EQUAL PARTNERS WITH OTHER NATIONS AROUND THE WORLD WHO ARE OPPOSED TO SOVIET HEGEMONY ...OUR RECENTLY DORMANT BUT HUGE MILITARY INDUSTRIAL MIGHT ...OUR TECHNOLOGICAL AND MANAGERIAL SKILLS.

-- RONALD REAGAN HAS SPELLED OUT A THREE PART COURSE THAT WILL USE ALL OF THOSE STRENGTHS AND WE ARE WELL EMBARKED UPON IT.

-- FIRST, PRESIDENT REAGAN HAS MOVED VIGOROUSLY AND WITH THE BI-PARTISAN SUPPORT OF THE CONGRESS TO REINVIGORATE OUR ECONOMY, TO PROVIDE A BASE OF NEW STRENGTH FOR OUR OWN ACTIONS. A STRONGER US ECONOMY WILL, IN TURN, IMPROVE THE OVERALL HEALTH OF THE INTERCONNECTED GLOBAL ECONOMY...THUS REMOVING A SOURCE OF INSTABILITY THAT THE SOVIETS CAN EXPLOIT.

-- SECOND, HE HAS ARTICULATED A FOREIGN POLICY THAT IS DESIGNED TO SUPPORT OUR FRIENDS AROUND THE WORLD AND IS NOT AFRAID TO PUNISH THOSE WHO MAKE THEMSELVES OUR ENEMIES, NOR TO OPPOSE THE LESS OBVIOUS FORMS OF SOVIET AGGRESSION. THIS

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POLICY HAS MET WITH THE ENTHUSIASTIC SUPPORT OF THE EUROPEAN AND MIDDLE EASTERN LEADERS WITH WHOM THE PRESIDENT AND I HAVE MET.

O WE HAVE ALREADY DEMONSTRATED A NEW RESOLVE TO COME TO THE AID OF EMBATTLED FRIENDS: EL SALVADOR, MOROCCO, EGYPT, SUDAN, SAUDI ARABIA, PAKISTAN, THAILAND, AND OTHERS.

O WE WILL HELP THEM TO ENGAGE SOVIET PROXIES, AND WE WILL DO SO OURSELVES; BE IT CUBA, LIBYA, OR VIET NAM.

O WE ARE ENHANCING THE SECURITY AND DEFENSE CAPABILITIES OF US FRIENDS AND ALLIES THROUGH INCREASED SECURITY ASSISTANCE. WE HAVE ADDED \$900 MILLION IN BUDGET AUTHORITY ABOVE AND BEYOND THE 1982 SECURITY ASSISTANCE REQUEST OF THE LAST ADMINISTRATION. THE INCREASES ARE TARGETED ON COUNTRIES CURRENTLY THREATENED BY THE SOVIET UNION OR ITS PROXIES. TO EL SALVADOR AGAINST CUBA; TO THAILAND AGAINST VIET NAM; TO MOROCCO, TUNISIA, EGYPT, AND SUDAN AGAINST LIBYA. *even ^{molest} Somalia -*

O WE HAVE ANNOUNCED A NEW, MORE OPEN, ARMS TRANSFER POLICY BASED ON A GREATER AWARENESS OF THE NEED OF OUR FRIENDS TO MATCH THE INCREASINGLY SOPHISTICATED ARMS THE SOVIETS ARE SPREADING AROUND THE WORLD.

-- THIRD, THIS ADMINISTRATION IS COMMITTED TO A SUBSTANTIAL INCREASE IN OUR DEFENSE CAPABILITIES SO THAT WE CAN MEET AGGRESSION AT ANY LEVEL, WHENEVER IT MAY OCCUR. WE HAVE

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ALREADY REQUESTED AN ADDITIONAL \$32 BILLION TO THE LAST ADMINISTRATION'S DEFENSE BUDGET REQUESTS, AND HAVE PLANS TO SPEND ABOUT \$200 BILLION OVER AND ABOVE WHAT THE CARTER ADMINISTRATION'S FIVE-YEAR DEFENSE PLAN ENVISAGED.

O IN NUCLEAR WEAPONS, WE ARE RESERVING THE DECISION OF OUR PREDECESSORS AND WE ARE BUILDING A NEW INTERCONTINENTAL BOMBER, WE ARE ARMING THE CURRENT BOMBERS WITH 3000 CRUISE MISSILES, AND WE ARE GOING TO DEPLOY A NEW LAND BASED MISSILE. 576 IN EUROPE, WE HAVE GAINED ALLIED REAFFIRMATION OF THE DECISION TO DEPLOY MISSILES CAPABLE OF STRIKING MOSCOW, AND WE ARE SELLING A MIRVED SUBMARINE LAUNCHED MISSILE TO THE BRITISH.

O IN THEATER WEAPONS, WE ARE COMPLETELY MODERNIZING THE ARMY WITH A NEW TANK, ARMORED FIGHTING VEHICLE, ROCKET LAUNCHER, ASSAULT HELICOPTER, AND THREE NEW ANTI-AIRCRAFT MISSILES. WE HAVE INCREASED PRODUCTION OF FIVE TYPES OF FIGHTER-BOMBERS. PREPOSITIONED WEAPONS ARE BEING SENT TO THE INDIAN OCEAN AND TO EUROPE.

O THE NAVY WILL GROW FROM 12 TO 15 CARRIER BATTLE GROUPS AND FROM 450 TO 600 SHIPS. SUBMARINES AND SURFACE SHIPS (INCLUDING TWO BATTLESHIPS) WILL BE EQUIPPED WITH LONG RANGE CRUISE MISSILES.

O INTERVENTION FORCES WILL BE AUGMENTED BY NEW AIR AND FAST SEA LIFT. WE ARE IMPROVING FACILITIES IN NORTH AFRICA AND THE INDIAN OCEAN. WE HAVE TAKEN THE PAPER RAPID DEPLOYMENT FORCE WE FOUND AND MADE IT A REAL COMMAND.

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-- THIS THREE PART STRATEGY WILL PERMIT US TO TALK TO THE SOVIET UNION FROM A POSITION OF STRENGTH, WHEN WE ARE ON THE UP TURN AND THEY ARE TURNING DOWN.

-- AND WHEN WE TALK, IN THE AREA OF ARMS CONTROL (AS WE WILL, BEGINNING WITH THEATER MISSILES) WE WILL INSIST ON ABSOLUTELY EQUITABLE AGREEMENTS THAT DO NOT INFRINGE ON OUR MILITARY REQUIREMENTS. AND WE WILL NOT TALK ABOUT ARMS CONTROL IN A VACUUM.

-- WE HAVE ALREADY MADE IT CLEAR TO THE SOVIETS THAT WE WILL NOT DO BUSINESS AS USUAL WHILE THEY CONTINUE TO ACT AS INTERNATIONAL BRIGANDS. I AM NOT LOATHE TO STATE EXPLICITLY THAT THIS POLICY IS ONE OF LINKAGE.

REGIONAL ANALYSIS

-- LET ME OUTLINE HOW WE HAVE EMBARKED ON NEW POLICIES AND AUGMENTED OTHERS IN EVERY REGION OF THE WORLD TO MEET THESE THREATS.

EUROPE

-- IN EUROPE THE SOVIET UNION TRIES TO SPLIT THE UNITED STATES AND ITS NATO ALLIES. WE BELIEVE THE ESSENTIAL WAY TO DEFEAT THAT TACTIC IS TO EXERCISE AMERICAN LEADERSHIP IN THE ALLIANCE, TO BRING OUR ALLIES TO RESIST THE SOVIET UNION MORE RESOLUTELY, WITHOUT CREATING PUBLIC DISAGREEMENTS BETWEEN ALLIANCE PARTNERS THAT WOULD SERVE SOVIET PURPOSES.

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WE HAVE ALREADY MOVED EFFECTIVELY TO RESTORE CONFIDENCE IN AMERICAN LEADERSHIP AND HAVE HAD NOTABLE SUCCESSES.

O OUR EFFORTS HAVE MET WITH WIDESPREAD SUPPORT, MUCH OF IT IN PUBLIC AND EVEN MORE IN THE PRIVATE MEETINGS THAT THE PRESIDENT AND I HAVE HAD.

O THE DECISION BY CHANCELLOR SCHMIDT TO STAKE HIS FULL PRESTIGE AND POSITION ON CONTINUED FRG SUPPORT OF THE LONG RANGE MISSILE BASING IS FIRST PROOF OF THE NEW CONFIDENCE NATO LEADERS HAVE IN AMERICAN LEADERSHIP OF THE ALLIANCE.

O THE BRITISH ARE GOING AHEAD WITH THE DOUBLING OF THEIR NUCLEAR FORCE TARGETED ON RUSSIA USING OUR TRIDENT MISSILE.

O THE SPANISH ARE GOING AHEAD WITH THEIR PLAN TO JOIN NATO.

O THE TURKS ARE STABILIZING THEIR SITUATION AND-- WITH OUR HELP AND THE GERMANS'--ARE REBUILDING.

O WE HAVE ALREADY HAD TALKS WITH THE NEW FRENCH GOVERNMENT AND BELIEVE THAT THEY SHARE OUR PERCEPTIONS THAT WE NEED TO INCREASE OUR DEFENSES AND ENGAGE SOVIET PROXIES SUCH AS LIBYA.

O NATO MINISTERS REAFFIRMED THEIR COMMITMENT TO CONTINUING 3% REAL GROWTH IN DEFENSE EXPENDITURES, AND LINKED FUTURE ARMS CONTROL TO SOVIET BEHAVIOR IN POLAND.

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O NATO'S UNIFIED RESPONSE TO THE POSSIBILITY OF A SOVIET INVATION OF POLAND ILLUSTRATED THE BENEFITS GAINED FROM DECISIVE AND COHERENT US LEADERSHIP. ALTHOUGH NATO DID NOT PLAY A DIRECT MILITARY ROLE IN DETERRING SOVIET INTERVENTION, ITS UNITY AND WILLINGNESS, UNDER US LEADERSHIP, TO TAKE SEVERE ECONOMIC, DIPLOMATIC, AND POLITICAL REPRISALS AGAINST SOVIET AGGRESSION UNDOUBTEDLY HAS CONTRIBUTED TO SOVIET RESTRAINT THUS FAR.

MIDDLE EAST/SOUTHWEST ASIA

-- WE SEE THE REGION FROM MOROCCO THROUGH THE ARAB STATES AND BEYOND TO PAKISTAN AS THE PRIMARY TARGET OF THE SOVIETS ...BECAUSE IT IS EXPERIENCING DESTABILIZING SOCIO-ECONOMIC CHANGE...BECAUSE IT IS ESSENTIAL TO THE ECONOMY OF THE WEST ...BECAUSE WE HAVE NO DEFENSES IN PLACE. WE ARE TAKING SEVERAL STEPS IN THIS AREA.

O I MADE CLEAR ON MY TRIP TO THE MIDDLE EAST THAT WE SEE THE PEACE PROCESS BETWEEN ISRAEL AND THE ARAB STATES AS SUPPORTIVE OF OUR OVERALL GOAL OF CONTAINING THE SPREAD OF SOVIET SPONSORED INSTABILITY THROUGHOUT THE MIDDLE EAST BECAUSE THE SOVIETS USE THE LACK OF A SETTLEMENT TO EXACERBATE TENSIONS IN THE AREA. WE HAVE ESSENTIALLY ACHIEVED AGREEMENT ON A SINAI PEACEKEEPING FORCE.

O IN NORTH AFRICA, WE HAVE TAKEN STEPS TO INCREASE MILITARY AID AND THE LETHALITY OF WEAPONS TO MOROCCO, TUNISIA,

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AND EGYPT TO MEET SOVIET AGGRESSION THROUGH THEIR LIBYAN PROXIES. WE ARE DETERMINED TO WORK WITH ARAB AND AFRICAN STATES TO ROLLBACK QADHAFI.

O OUR DECISION TO PROVIDE SOPHISTICATED AIR FORCE EQUIPMENT TO SAUDI ARABIA (AWACS, ETC.) DEMONSTRATES OUR WILLINGNESS TO BUILD STRONG REGIONAL FORCES TO DETER SOVIET AGGRESSION, EVEN WHEN THAT MEANS DOMESTIC POLITICAL PROBLEMS FOR US.

O IN THE PERSIAN GULF AND INDIAN OCEAN WE ARE FORGING A NETWORK OF COOPERATING STATES WITH MODERN DEFENSES AND IMPROVED FACILITIES INTO WHICH WE CAN MOVE RAPIDLY IF WE ARE NEEDED. CONSTRUCTION IS ABOUT TO BEGIN ON FACILITIES IN OMAN, EGYPT, SOMALIA, KENYA, AND DIEGO GARCIA.

O PAKISTAN IS A GOOD EXAMPLE OF THE DIFFERENCE IN OUR NEW POLICY. WE HAVE REAFFIRMED OUR SECURITY COMMITMENT. WE HAVE OFFERED A FIVE YEAR ASSISTANCE PROGRAM INVOLVING \$2 BILLION AND ARE WILLING TO PROVIDE THE MOST MODERN EQUIPMENT. WE HOPE TO COORDINATE OUR EFFORTS THERE CLOSELY WITH YOU.

O BY ENCOURAGING COOPERATION AMONG AREA STATES, BY ARMING AND ADVISING THEM, BY INCREASING OUR OWN PEACETIME MILITARY PRESENCE, AND BY GREATLY INCREASING OUR REINFORCEMENT CAPABILITIES...WE BELIEVE WE CAN DEFEAT SOVIET SPONSORED SUBVERSION, AND DETER DIRECT SOVIET INTERVENTION BY INCREASING THE COST IN THE REGION AND THREATENING WAR-WIDENING.

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AFRICA

-- IN AFRICA WE HAVE MOVED ON A NUMBER OF FRONTS TO COUNTER THE SOVIET UNION AND ITS PROXIES.

O THE GREATEST OPPORTUNITY THE SOVIET UNION COULD EXPLOIT IS THE NAMIBIA PROBLEM. THE NEW ADMINISTRATION HAS A VIGOROUS NEW APPROACH TO LIQUIDATING THIS SOVIET OPPORTUNITY. WE HAVE REOPENED CONTACT WITH SOUTH AFRICA TO INCREASE OUR INFLUENCE FOR A PEACEFUL SETTLEMENT IN NAMIBIA. BY EMPHASIZING CONSTITUTIONAL GUARANTEES PRIOR TO ELECTIONS, WE HOPE TO GIVE SOUTH AFRICA THE CONFIDENCE TO PERMIT NAMIBIAN INDEPENDENCE WHILE LIMITING SOVIET INFLUENCE IN THE NEW GOVERNMENT. WE HAVE GOTTEN THE SUPPORT OF OUR MAJOR ALLIES IN THE CONTACT GROUP FOR THIS APPROACH.

O WE ARE GOING TO TRY TO USE THE NAMIBIAN INDEPENDENCE PROCESS TO ACHIEVE ONE OF OUR MAJOR GOALS: GETTING THE CUBANS OUT OF ANGOLA.

O WE HAVE BEGUN TO TAKE MEASURES AGAINST LIBYA AND YOU WILL SEE MUCH MORE SIGNIFICANT ONES UNFOLD. I HAVE ALREADY MENTIONED OUR EFFORTS WITH THE ARAB STATES AGAINST LIBYA. WE ARE WORKING ON BOTH DIPLOMATIC AND MILITARY APPROACHES TO GET THE LIBYANS OUT OF CHAD.

O AT THE SAME TIME WE HAVE UNDERTAKEN MAJOR ASSISTANCE PROGRAMS TO SHORE UP KEY AFRICAN COUNTRIES SUCH AS ZIMBABWE, KENYA AND LIBERIA.

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LATIN AMERICA

-- IN THE WESTERN HEMISPHERE, WE ARE DETERMINED TO COUNTER CUBAN AND SOVIET SUBVERSION AND TO REDUCE OPPORTUNITIES FOR EXTERNAL INTERVENTION IN THE REGION. WE WILL ALSO OPPOSE ANY ATTEMPT BY NICARAGUA TO EXPAND ITS MILITARY INVOLVEMENT AND PROMOTE INSTABILITY THROUGHOUT THE REGION. WE HOPE TO FIND WAYS TO REVERSE THE TREND OF THE SANDANISTA GOVERNMENT TURNING INTO ANOTHER CUBA. YOU MAY BE HELPFUL THERE.

O WE HAVE DEMONSTRATED IN EL SALVADOR THAT WE WILL NOT TOLERATE SOVIET PROXY INTERVENTIONISM. WE HAVE INITIATED A BALANCED BUT SUBSTANTIAL EFFORT TO STRENGTHEN THE CENTRIST GOVERNMENT AGAINST EXTREMIST FORCES. WE HAVE PROVIDED CONSIDERABLE MILITARY AND ECONOMIC ASSISTANCE TO HELP CREATE AN ENVIRONMENT IN WHICH NEEDED ECONOMIC, SOCIAL, AND POLITICAL REFORMS CAN TAKE PLACE. OUR FIRST PRIORITY, HOWEVER, IS TO REDUCE AND ULTIMATELY ELIMINATE THE EXTERNALLY SUPPORTED INSURGENCY.

O FOR THE LARGER CENTRAL AMERICAN/CARIBBEAN REGION, WE ARE ACTIVELY FASHIONING AN IMAGINATIVE, BOLD APPROACH WHICH WE HOPE WILL BE THE KEY TO THE REGION'S STABILITY. AGAIN, THIS WILL BE A BALANCED EFFORT--A MIXTURE OF US ECONOMIC AID AND SECURITY ASSISTANCE AND ACTIONS BY THE LOCAL STATES THEMSELVES DESIGNED TO ELIMINATE THE ROOT CAUSES OF INSTABILITY. WE ARE CONFIDENT THIS PLAN FOR THE SO-CALLED

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CARIBBEAN BASIN WILL REDUCE OPPORTUNITIES FOR SOVIET AND CUBAN-INSPIRED UNHEAVAL; HOWEVER, WE ARE ALSO PREPARED TO DEAL WITH SUCH UPHEAVAL AND THOSE WHO SUPPORT IT MORE DIRECTLY, IF NECESSARY.

EAST ASIA AND THE PACIFIC

-- IN EAST ASIA AND THE PACIFIC, WE ARE CONFIDENT OF OUR ABILITY TO SUCCESSFULLY CONFRONT THE SOVIET CHALLENGE WITH THE ASSISTANCE OF OUR ASIAN ALLIES AND FRIENDS AND THE MAINTENANCE OF A STRONG US MILITARY POSTURE IN THE REGION.

O IN THE COMING WEEK I WILL BE CARRYING A PUBLIC MESSAGE OF RENEWED US SUPPORT FOR THE ASEAN NATIONS WHICH WILL PROVIDE A CLEAR EXAMPLE OF OUR POLICY OF CLOSE CONSULTATION ESTABLISHED EARLY IN THE REAGAN ADMINISTRATION AND ALREADY ADVANCED THROUGH THE SUCCESSFUL VISITS OF FOREIGN, DEFENSE AND OTHER MINISTERS FROM MOST OF THE ASEAN STATES. WE INTEND TO CONTINUE OUR SUPPORT FOR THE ASEAN APPROACH TO THE KAMPUCHEA PROBLEM, INCLUDING SUPPORT FOR AN INTERNATIONAL CONFERENCE, AND WE HAVE ALREADY INCREASED OUR SECURITY ASSISTANCE FOR THE FIVE MEMBER NATIONS.

O SPECIFICALLY, I WILL REAFFIRM OUR COMMITMENT TO THE SECURITY OF THAILAND, AND UNDER THE MANILA PACT.

O IN MY TRIP TO ANZUS, WHICH WILL BE THE FIRST BY A US SECRETARY OF STATE TO WELLINGTON IN SOME YEARS, I WILL

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DEMONSTRATE RENEWED US EMPHASIS ON THAT ALLIANCE AND SEEK TO OBTAIN CONTINUED PARTICIPATION BY AUSTRALIA AND NEW ZEALAND IN SUPPORT OF OUR INCREASED MILITARY ACTIVITIES IN THE WESTERN INDIAN OCEAN.

O WITH JAPAN, TODAY, THE US ENJOYS ALMOST A COMPLETE CONVERGENCE OF VIEWS ON ALL MAJOR INTERNATIONAL ISSUES, AND BILATERAL RELATIONS ARE STRONG. WE ARE ENCOURAGING THE JAPANESE TO DEVELOP CREDIBLE SELF-DEFENSE CAPABILITIES, AND TO INCREASE THEIR FINANCIAL CONTRIBUTIONS TO THE MAINTENANCE OF US FORCES THERE, SO THAT WE CAN CONCENTRATE ATTENTION IN AREAS, SUCH AS THE PERSIAN GULF, WHICH FALL OUTSIDE THE US-JAPAN TREATY AREA BUT HAVE VITAL IMPORTANCE FOR BOTH NATIONS. WE HAVE ALSO ENCOURAGED, AND BEEN ENCOURAGED BY, THE INCREASED USE OF JAPANESE OVERSEAS DEVELOPMENT ASSISTANCE IN STRATEGIC PLACES, SUCH AS PAKISTAN AND THAILAND, TO BOLSTER OUR COMMON GLOBAL DEFENSE POSTURE. PRIME MINISTER SUZUKI'S VISIT WAS PERHAPS THE BEST US-JAPAN SUMMIT EVER, FAR OVERSHADOWING IN OUR MINDS, THE TEMPORARY CONTROVERSIES WHICH HAVE ARISEN SINCE.

O IN KOREA, WE HAVE RENEWED OUR RELATIONSHIP WITH THE LEADERSHIP OF ROK AND REAFFIRMED OUR COMMITMENT TO STAND FIRM ON THE PENINSULA. I RECOGNIZE THAT WE DIFFER IN OUR APPROACH TO THIS ISSUE, BUT YOU CAN REST ASSURED THAT WE WILL CONTINUE TO SEEK STABILITY AND A PEACEFUL RESOLUTION OF PROBLEMS IN THIS AREA OF NORTHEAST ASIA.

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O FINALLY, HERE IN BEIJING, MY MISSION OVER THESE NEXT FEW DAYS IS TO DEMONSTRATE TO CHINA AND THE WORLD THE VITAL IMPORTANCE THE US PLACES ON ITS RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA IN ALL CONTEXTS--GLOBAL, REGIONAL AND BILATERAL. WE HAVE LONG ACKNOWLEDGED THAT CLOSE US-CHINA RELATIONS WERE IN OUR NATIONAL INTEREST. WE RECOGNIZE YOUR IMPORTANT ROLES AS A COUNTERWEIGHT TO THE USSR IN ASIA, IN KEY STRATEGIC AREAS SUCH AS SOUTHWEST AND SOUTHEAST ASIA AND THROUGHOUT THE THIRD WORLD. WE ALMOST RECOGNIZE THE EQUAL IMPORTANCE OF HARMONIOUS, CONSTRUCTIVE RELATIONS, IN ALL AREAS OF HUMAN ENDEAVOR, BETWEEN THE AMERICAN AND CHINESE PEOPLE, WHO TOGETHER MAKE UP OVER ONE-QUARTER OF MANKIND.

CONCLUSION

-- THIS IS AN OUTLINE OF THE THREATS WE SEE, THE MILITARY AND REGIONAL INITIATIVES WE HAVE UNDERWAY AND THE NEW DIRECTION WE HAVE CHARTED. WE ARE REALISTS. WE KNOW WE CAN'T REVERSE THE TRENDS OF THE LAST DECADE OVER NIGHT; OUR INITIATIVES WILL REQUIRE TIME TO TAKE HOLD; CONFIDENCE IN US WILL NOT RE-EMERGE IMMEDIATELY SIMPLY BECAUSE WE SAY WE'RE SERIOUS --RATHER WE MUST PROVE BY OUR ACTIONS THAT WE ARE; EVEN THEN THE CONFIDENCE OF OUR FRIENDS AND ALLIES--AND THEIR WILLINGNESS TO TAKE RISKS ALONG WITH US--WILL ONLY COME WITH THE PASSAGE OF TIME AND REPEATED DEMONSTRATIONS OF OUR CONSISTENCY AND STAYING-POWER.

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-- WE ARE COMMITTED TO THE COURSE WE ARE CHARTING AND WILL ENDEAVOR IN A PERSISTENT, PATIENT, AND SUSTAINED WAY TO PUT OUR POLICY IN PLACE.

-- I HOPE IN THE NEXT FEW DAYS WE CAN DISCUSS OUR MUTUAL CONCERNS AND IDENTIFY THE AREAS WHERE COOPERATION BETWEEN US CAN BE MOST PRODUCTIVE IN COUNTERING DIRECT AND INDIRECT SOVIET THREATS. I WILL ALSO WANT TO DISCUSS NEW INITIATIVES WE ARE TAKING IN THE BILATERAL AREA, AND TO OUTLINE FOR YOU OUR INTENTIONS REGARDING TAIWAN.

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SECRETARY'S TALKING POINTS: US-CHINA RELATIONS

Objective: To convey a new conceptual basis for a more durable US-Chinese relationship built upon strategic association, under which the US will treat China as a friendly non-allied country, and to demonstrate this concretely by modifying restrictive legislation and regulations on export controls.

STRATEGIC ASSOCIATION

-- SINCE NORMALIZATION, OUR RELATIONSHIP HAS EXPANDED IN VIRTUALLY EVERY FIELD.

-- OUR BILATERAL TRADE MAY EXCEED \$6 BILLION THIS YEAR.

WE HAVE CONCLUDED AGREEMENTS IN THE FIELDS OF TEXTILES, CIVIL AVIATION, MARITIME COMMERCE, INVESTMENT INSURANCE, EXPORT FINANCING, AND CONSULAR RELATIONS.

-- OUR SIMILAR STRATEGIC PERSPECTIVES HAVE LED TO A CLOSE STRATEGIC RELATIONSHIP STRENGTHENED BY REGULAR AND CANDID CONSULTATIONS. OUR POLICIES ARE COMPATIBLE AND COMPLEMENTARY IN MANY AREAS.

-- AS PRESIDENT REAGAN TOLD AMBASSADOR CHAI, WE VALUE ALL THESE ASPECTS OF US-CHINA RELATIONS AND LOOK FORWARD TO STRENGTHENING TIES ON THE BASIS OF OUR MUTUAL STRATEGIC INTERESTS. WE ARE PLEASED AT THE OVERALL DEVELOPMENT OF US-CHINA RELATIONS.

-- US NATIONAL INTERESTS DEMAND THAT OUR RELATIONS CONTINUE TO BE CLOSE AND WE BELIEVE THEY WILL. WE HAVE MANY REASONS

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TO BE FRIENDS.

-- PRESIDENT REAGAN BELIEVES THAT US POLICY TOWARD CHINA SHOULD REFLECT THE FRIENDLY AND COOPERATIVE NATURE OF OUR RELATIONSHIP.

-- YOU ARE AWARE THAT A NUMBER OF OUR LAWS, MANY OF WHICH WERE FIRST ADOPTED IN THE 1950S, TREAT CHINA IN THE SAME MANNER AS THE SOVIET UNION AND ITS SATELLITES. THESE LAWS ARE NOT CONSISTENT WITH OUR CURRENT RELATIONSHIP AND IMPEDE STRENGTHENING OUR STRATEGIC COOPERATION. PRESIDENT REAGAN INTENDS TO PROPOSE TO CONGRESS THAT THESE LAWS BE AMENDED TO MAKE CLEAR THAT WE DO NOT CONSIDER CHINA A POTENTIAL ADVERSARY AND TO REMOVE LEGAL IMPEDIMENTS TO OUR FURTHER COOPERATION.

EXPORT CONTROL POLICY

-- WE HAVE A STRONG INTEREST IN THE SUCCESSFUL MODERNIZATION OF CHINA'S ECONOMY.

-- THE PRESIDENT BELIEVES THAT INCREASING THE LEVEL OF US TECHNOLOGY TRANSFER TO CHINA CAN CONTRIBUTE IN IMPORTANT WAYS TO CHINA'S MODERNIZATION PROGRAM.

-- HE HAS ISSUED A DIRECTIVE SUBSTANTIALLY INCREASING THE LEVEL OF TECHNOLOGY WHICH WILL BE ROUTINELY APPROVED FOR SALE TO CHINA. HENCEFORTH OUR POLICY WILL BE MORE REFLECTIVE OF OUR INTENTION TO TREAT CHINA AS A FRIENDLY, NON-ALLIED STATE.

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-- AS A RESULT OF THE PRESIDENT'S ATTENTION TO THIS ISSUE, WE WILL HAVE MORE FAVORABLE AND EXPEDITIOUS LICENSING OF HIGH-TECHNOLOGY EXPORTS TO CHINA.

MILITARY EXPORTS

-- OUR COOPERATION IN THE SECURITY FIELD CAN HELP TO MAINTAIN PEACE AND STABILITY IN ASIA.

-- I WOULD LIKE TO TELL YOU THAT PRESIDENT REAGAN INTENDS TO SUSPEND THE PROHIBITION ON ARMS SALES TO CHINA EMBODIED IN OUR ARMS CONTROL LEGISLATION AND CONSIDER ON A CASE-BY-CASE BASIS REQUESTS TO EXPORT MUNITIONS LIST ARTICLES TO CHINA. THIS IS THE PROCEDURE WE FOLLOW WITH ALL FRIENDLY COUNTRIES.

-- DEFENSE SECRETARY WEINBERGER HAS ASKED ME TO INVITE YOU TO SEND A REPRESENTATIVE, PERHAPS VICE CHIEF OF THE PLA GENERAL STAFF LIU HUAQING, TO THE US LATER THIS SUMMER TO DISCUSS IN GREATER DETAIL EXACTLY WHAT TYPES OF EQUIPMENT AND TECHNOLOGY YOU NEED IN THE NEAR FUTURE TO IMPROVE YOUR DEFENSES AGAINST THE SOVIET THREAT.

-- WE WOULD INTEND THIS ASPECT OF OUR RELATIONSHIP TO BEGIN SLOWLY AND EXPAND GRADUALLY AS WE PURSUE OUR LONG-TERM STRATEGIC ASSOCIATION.

-- I AM SURE YOU UNDERSTAND HOW SENSITIVE THIS ISSUE IS IN THE US AND AMONG OUR ALLIES AND FRIENDS. IT IS ESSENTIAL THAT OUR DISCUSSIONS ON THIS SUBJECT REMAIN PRIVATE FOR THE TIME BEING. WE WILL NEED TIME TO CONSULT FULLY WITH THE CONGRESS

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AND OUR ALLIES.

CHINESE MILITARY AND NUCLEAR EXPORTS

-- AS YOU KNOW, THE SOVIET UNION HAS USED MILITARY EQUIPMENT EXPORTS TO EXPAND ITS INFLUENCE IN MANY THIRD WORLD NATIONS.

-- THE US AND CHINA SHARE AN INTEREST IN REDUCING OTHER NATIONS' DEPENDENCE ON THE SOVIET UNION AS A SOURCE OF MILITARY EQUIPMENT.

-- CHINA IS UNIQUE AMONG NON-WARSAW PACT NATIONS IN THE RANGE OF SOVIET-COMPATIBLE EQUIPMENT IT MANUFACTURES.

-- THE US WOULD WELCOME CHINESE ARMS SALES TO COUNTRIES CURRENTLY DEPENDENT ON THE SOVIET UNION FOR MILITARY EQUIPMENT.

-- AT THE SAME TIME, IT IS IMPORTANT THAT MILITARY EXPORTS NOT BE DIVERTED TO COUNTRIES SUPPORTING TERRORISM OR ENGAGING IN DESTABILIZING REGIONAL CONFLICTS. THIS WOULD ONLY HELP THE SOVIETS.

-- WE ARE CONCERNED ABOUT THE POSSIBILITY OF CHINESE EXPORTS OF SENSITIVE NUCLEAR MATERIALS WITHOUT SECURING ADEQUATE SAFEGUARDS.

[IF NOT PROTECTED BY
SAFEGUARDS, THESE AND SIMILAR EXPORTS ELSEWHERE COULD CONTRIBUTE
TO THE SPREAD OF NUCLEAR EXPLOSIVES, UNDERMINING REGIONAL
STABILITY AND DAMAGING OUR SHARED STRATEGIC INTERESTS.

-- FOR EXAMPLE, A PAKISTANI NUCLEAR TEST COULD PROMPT INDIA TO

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RESUME NUCLEAR TESTING AND PRODUCE NUCLEAR WEAPONS. WE ALSO BELIEVE SUCH TESTING WOULD ERODE, RATHER THAN INCREASE PAKISTAN'S SECURITY. THE SOVIET UNION MIGHT WELL USE THE ISSUE AS A PRETEXT TO TIGHTEN MILITARY COOPERATION WITH THE INDIANS AND TO DEPLOY MORE THREATENING FORCES ALONG THE AFGHANISTAN-PAKISTAN BORDER.

-- I URGE YOU TO CONSIDER CAREFULLY ALL EXPORTS OF SENSITIVE NUCLEAR MATERIALS AND TO REQUIRE THAT PURCHASERS UNDERTAKE IAEA SAFEGUARDS SO THAT SUCH MATERIAL WILL BE USED ONLY FOR THE PEACEFUL PURPOSES FOR WHICH IT IS INTENDED, INCLUDING AN ASSURANCE THEY WILL NOT BE USED FOR "PEACEFUL NUCLEAR EXPLOSIONS".

-- WE ARE PREPARED TO MAKE OUR EXPERTS AVAILABLE TO EXPLAIN THE PROCEDURES WE EMPLOY IN DESIGNING ADEQUATE SAFEGUARDS.

US-CHINA NUCLEAR COOPERATION

-- WE WOULD LIKE TO PERMIT THE US NUCLEAR INDUSTRY TO PARTICIPATE IN CHINA'S DEVELOPMENT OF PEACEFUL NUCLEAR POWER.

-- SOME US FIRMS ARE INTERESTED IN PARTICIPATING IN THE GUANGDONG REACTOR PROJECT.

-- SUCH COOPERATION WILL REQUIRE DISCUSSIONS BETWEEN OUR TWO GOVERNMENTS TO ESTABLISH A FRAMEWORK FOR THIS ASPECT OF OUR RELATIONS.

-- I UNDERSTAND THAT INFORMAL EXPLORATORY TALKS ARE TENTATIVELY PLANNED FOR JULY IN BEIJING. WE SEE THIS AS AN OPPORTUNITY

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FOR A FULL EXCHANGE OF IDEAS AND WE HOPE FOR POSITIVE RESULTS.

CONSULAR MATTERS/RECIPROCITY

-- THE SENATE FOREIGN RELATIONS COMMITTEE HELD HEARINGS
JUNE 9 ON THE US-CHINA CONSULAR CONVENTION. SENATOR
HAYAKAWA HAS PROMISED TO WORK FOR PROMPT CONSIDERATION
BY THE FULL SENATE IF, AS EXPECTED, THE COMMITTEE APPROVES
THE CONVENTION.

-- EQUALITY AND RECIPROCITY ARE MAJOR ELEMENTS OF THE MUTUAL
RESPECT THAT CHARACTERIZES OUR RELATIONS.

-- WE WOULD LIKE TO OPEN OUR NEXT CONSULATE IN SHENYANG -- AS
CHINA WOULD IN NEW YORK CITY -- BUT FIRST WE MUST RESOLVE
THE PROBLEM OF INADEQUATE FACILITIES IN GUANGZHOU.

-- MR. HOLDRIDGE WILL DISCUSS THIS IN GREATER DETAIL LATER
WITH VICE MINISTER ZHANG.

CLOSING REMARKS

-- MY PRESENTATION HAS COVERED MANY SUBJECTS. THIS REFLECTS
BOTH THE BROAD SCOPE OF OUR RELATIONS AND THE VALUE WE ATTACH
TO OUR RELATIONS WITH CHINA.

-- I WOULD WELCOME YOUR COMMENTS ON MY REMARKS.

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1. All people
2. High level
Autonomy
Journalism
West Bank & Gaza
Apartheid
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SECRETARY'S TALKING POINTS: TAIWAN

Objective: To reach a modus vivendi on the Taiwan issue including the parameters of our unofficial relationship and arms sales, while seeking China's reaffirmation of its resolve to use only peaceful methods to settle the issue.

FRAMEWORK

-- THE US IS FIRMLY COMMITTED TO THE FRAMEWORK OF RELATIONS EMBODIED IN THE JOINT COMMUNIQUE OF JANUARY 1, 1979, ON THE ESTABLISHMENT OF DIPLOMATIC RELATIONS. THE PRESIDENT AND ALL MEMBERS OF HIS ADMINISTRATION SUPPORT THIS COMMITMENT.

-- OUR DEALINGS WITH TAIWAN WILL REMAIN IN THE UNOFFICIAL CHANNELS WHICH WERE ESTABLISHED AFTER NORMALIZATION.

-- THE TAIWAN RELATIONS ACT (TRA) WAS NECESSARY UNDER OUR SYSTEM TO ESTABLISH THE LEGAL BASIS FOR UNOFFICIAL CONTACTS. WHEN WE SPEAK OF IMPLEMENTING THE TRA WE ARE NOT IN ANY SENSE CONTRADICTING THE JOINT COMMUNIQUE. WE WILL IMPLEMENT THE TRA IN A MANNER CONSISTENT WITH THE JOINT COMMUNIQUE.

PRC-TAIWAN

-- WE ARE AWARE OF CHINA'S STATED INTENTION TO USE ONLY PEACEFUL MEANS TO RESOLVE THE TAIWAN PROBLEM, AND PRESIDENT REAGAN APPRECIATED AMBASSADOR CHAI'S REASSURANCE ON THIS POINT.

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-- WE HAVE NOTED WITH SATISFACTION THE CONTINUED REDUCTION OF TENSIONS IN THE TAIWAN STRAIT AND HOPE THAT THE PRC WILL CONTINUE TO EXERCISE RESTRAINT.

-- WE ALSO WELCOME THOSE FORMS OF INDIRECT CONTACT BETWEEN THE MAINLAND AND TAIWAN WHICH HAVE EVOLVED IN RECENT YEARS, FOR EXAMPLE, INDIRECT TRADE, CASUAL OVERSEAS CONTACTS AND OCCASIONAL TRAVEL. WE HOPE THAT SUCH CONTACTS MAY EVOLVE FURTHER.

-- WE DO NOT BELIEVE, HOWEVER, THAT IT IS DESIRABLE OR APPROPRIATE FOR US TO TAKE A DIRECT ROLE IN PROMOTING SUCH CONTACTS OR IN BROKERING A SOLUTION TO THE TAIWAN PROBLEM. THAT IS SOMETHING WHICH YOUR GOVERNMENT WILL HAVE TO WORK OUT WITH TAIPEI.

U.S. ARMS SALES

-- AT THE TIME OF NORMALIZATION, THE U.S. INDICATED THAT IT WOULD CONTINUE TO MAKE AVAILABLE TO TAIWAN CERTAIN CAREFULLY SELECTED DEFENSIVE WEAPONS. WE HAVE DONE THIS -- BEARING IN MIND THAT THE PRC IS STRONGLY OPPOSED TO SUCH SALES -- BOTH FOR POLITICAL AND STRATEGIC REASONS.

-- POLITICALLY, THE AMERICAN PEOPLE AND THEIR ELECTED REPRESENTATIVES WOULD NOT HAVE TOLERATED A TOTAL CUT-OFF OF ARMS SALES TO TAIWAN, WHOSE PEOPLE HAVE FOR SO LONG BEEN CLOSELY ASSOCIATED WITH US.

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-- STRATEGICALLY, IT WOULD SERVE NEITHER US NOR PRC
INTERESTS TO DRIVE TAIWAN TO DESPERATION. RATHER THAN
SEEKING RECONCILIATION WITH YOU, THE TAIWAN AUTHORITIES MIGHT
TRY TO EXPLORE A SOVIET OPTION OR TRY TO DEVELOP A SEPARATE
NUCLEAR CAPABILITY.

-- WE MUST THEREFORE CONTINUE TO PROVIDE CERTAIN ITEMS TO
TAIWAN. OUR PURPOSE IS NOT TO REINTRODUCE TENSIONS INTO THE
TAIWAN STRAIT. ON THE CONTRARY, THE PRESENT LOW LEVEL OF
TENSIONS PERMITS US TO EXAMINE TAIWAN'S REQUESTS MORE
CAUTIOUSLY.

-- ON THE QUESTION OF AN ADVANCED FIGHTER AIRCRAFT, NO
DECISION HAS BEEN MADE AND NONE IS EXPECTED BEFORE THE END OF
THIS YEAR. DURING 1982, HOWEVER, IT WILL BE NECESSARY TO
MAKE NEW SALES OF AIRCRAFT TO TAIWAN AS EXISTING AIRCRAFT
BECOME OBSOLETE OR WEAR OUT.

MUTUAL SENSITIVITIES

-- BOTH THE U.S. AND CHINA MUST APPROACH THE TAIWAN ISSUE
WITH PRUDENCE AND RESTRAINT. WE RECOGNIZE THAT THIS ISSUE IS
ACUTELY SENSITIVE IN CHINA. IT IS ALSO SENSITIVE IN THE
UNITED STATES. YOU ARE AWARE THAT SOME AMERICANS FEEL THAT
THE MANNER IN WHICH WE SEVERED RELATIONS WITH TAIWAN WAS

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UNNECESSARILY HARSH AND ABRUPT. WE VALUE OLD FRIENDS, AS CHINA DOES, AND WE PLAN TO DEAL WITH TAIWAN IN A DIGNIFIED MANNER. BUT THIS WILL NOT AFFECT THE UNOFFICIAL FRAMEWORK WITHIN WHICH U.S.-TAIWAN CONTACTS ARE HANDLED.

-- IN THIS CONTEXT, I SHOULD ALSO NOTE THAT THE U.S. GOVERNMENT DOES NOT HAVE THE LEGAL AUTHORITY AND DOES NOT SEEK TO LIMIT EXPRESSIONS OF OPINION OR CONTACTS BY PRIVATE CITIZENS.

-- WE STRONGLY URGE THAT CHINA TAKE ACCOUNT OF OUR OFFICIAL STATEMENTS AND DEEDS, NOT CASUAL REMARKS BY PRIVATE U.S. CITIZENS OR BY CITY OR STATE GOVERNMENT OFFICIALS -- AND EVEN OCCASIONALLY BY FEDERAL OFFICIALS -- WHICH MAY NOT REPRESENT OFFICIAL U.S. POLICY. WE NEED CHINA'S TOLERANCE ON THIS DIFFICULT ISSUE, AND ITS TRUST THAT WE WILL KEEP OUR WORD.

-- AS A PART OF THIS TOLERANCE, WE FEEL THAT THE LESS PUBLICITY ABOUT THE TAIWAN PROBLEM THE BETTER. WE DO NOT SEEK ANY PUBLICITY. OBVIOUSLY WE CANNOT PREVENT TAIPEI FROM CLAIMING THAT THERE IS MORE GOING ON THAN THERE REALLY IS. BUT WE URGE THAT CHINA NOT OVERREACT TO TAIWAN PRESS STORIES, WHICH MAY BE INTENTIONALLY SELF-SERVING OR INTENTIONALLY DISRUPTIVE OF CLOSE US-CHINA TIES.

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KAMPUCHEA/VIETNAM

We seek to strengthen cooperation on Kampuchea/Vietnam strategy. Kampuchea symbolizes our strategic entente with China in the regional context, and our common opposition to Soviet/Vietnamese efforts to extend their influence in the region.

We should attempt subtly to edge China even closer to the ASEAN consensus. In response to probable Chinese encouragement of U.S. support for Khmer resistance, you should make no commitment to material aid until the form and quality of the Khmer resistance is clarified and we have conferred closely with ASEAN. You should raise the sensitive subject of the Pol Pot leadership in the context of maximizing international support opposing the Vietnamese occupation and in terms of general agreement, including China's, that the Khmer themselves should choose their own leadership. ASEAN leaders will be keenly interested in your discussions with Chinese leaders on the DK and Chinese support for Southeast Asian insurgencies.

TALKING POINTS

-- COMMENT WITH PLEASURE ON THE SHARED STRATEGIC PERCEPTIONS OF CHINA AND THE UNITED STATES AND NOTE PARTICULARLY THAT KAMPUCHEA SYMBOLIZES IN THE REGIONAL CONTEXT OUR STRATEGIC ENTENTE WITH CHINA.

-- WE APPRECIATE THE KEY POLITICAL AND MILITARY ROLE CHINA PLAYS IN THE COMMON STRATEGY OPPOSING SOVIET AND VIETNAMESE AGGRESSION AND EFFORTS TO EXTEND THEIR INFLUENCE IN SOUTHEAST ASIA.

-- WE INTEND TO CONTINUE TO WORK CLOSELY WITH CHINA, ASEAN, JAPAN, AND OTHER FRIENDS TO INTENSIFY THE CHALLENGE TO VIETNAMESE AMBITIONS AND TO INDUCE HANOI TO NEGOTIATE A SETTLEMENT IN KAMPUCHEA. WE ALSO REGARD NON-ALIGNED SUPPORT AS ESSENTIAL FOR MAINTAINING THE LONGER-TERM VIABILITY OF OUR STRATEGY.

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-- WE FIRMLY SUPPORT THE ASEAN STRATEGY AND THE UNGA RESOLUTION ON KAMPUCHEA AS THE BEST BASIS FOR A SETTLEMENT IN KAMPUCHEA. THE USG FULLY SUPPORTS THE CONVENING OF AN INTERNATIONAL CONFERENCE TO KEEP THE FOCUS ON KAMPUCHEA; TO ESTABLISH A VEHICLE FOR RESOLUTION OF THE ISSUE SHOULD HANOI DECIDE TO NEGOTIATE A SETTLEMENT; AND TO EXPLORE MODALITIES OF A SETTLEMENT. WE HOPE THAT THE CONFERENCE CAN ESTABLISH AN ONGOING MECHANISM TO PURSUE THESE SAME GOALS.

-- WE WELCOME RALLYING OF THE KHMER TO OPPOSE THE VIETNAMESE OCCUPATION. SUCH FIGURES AS SON SANN AND SIHANOUK CLEARLY COULD PLAY KEY ROLES IN THE SEARCH FOR A SOLUTION. WE ARE LOOKING AT WAYS TO INCREASE HUMANITARIAN ASSISTANCE TO THE KHMER OPPOSING THE VIETNAMESE. WE WILL STUDY EMERGING ALLIANCES AMONG THE KHMER AND CONSULT CLOSELY WITH ASEAN AND CHINA ON HOW WE CAN BEST HELP.

-- WE WILL NOT PRESSURE THE NON-COMMUNIST KHMER TO FORM A COALITION WITH THE DK, EXCEPT ON CONDITIONS AND TERMS WHICH ARE SATISFACTORY TO THEM. NONETHELESS, WE RECOGNIZE THE ADVANTAGES OF A MORE UNIFIED RESISTANCE.

-- WE CANNOT IGNORE THE FACT THAT OUR EFFORTS TO DEVELOP THE MAXIMUM INTERNATIONAL PRESSURE OPPOSING THE VIETNAMESE OCCUPATION OF KAMPUCHEA ARE AFFECTED ADVERSELY BY THE RECORD OF THE POL POT LEADERSHIP. THE UNITED STATES COULD NEVER SUPPORT THE RETURN OF POL POT TO POWER. TO FACILITATE OUR COMMON

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*Welcome Ministers
Comments*

EFFORTS, WE URGE CHINA TO SPREAD THE WORD OF ITS COMMITMENT TO
ACCEPT ANY POLITICAL OUTCOME WHICH THE KHMER PEOPLE THEMSELVES
MAY CHOOSE WITHOUT EXTERNAL INTERFERENCE.

--WE ALSO CALL ATTENTION TO THE CONTRIBUTION WE HAVE MADE
TO THE COMMON STRATEGY THROUGH OUR DIPLOMATIC EFFORTS, THE
EARLY DECISION TO SUPPORT DK CREDENTIALS AT THE UN, AND THE
POLITICAL VISIBILITY WE HAVE PROVIDED SON SANN IN THE U.S. WE
HAVE ALSO SHOULDERED THE MAJOR HUMANITARIAN BURDEN, AND HAVE
AUGMENTED SIGNIFICANTLY OUR SUPPORT FOR THAILAND.

-- WE APPLAUD PROGRESS IN THE NORMALIZATION OF CHINA'S
STATE-TO-STATE RELATIONS WITH THE INDIVIDUAL STATES OF ASEAN.
WE REGARD THIS AS A HEALTHY DEVELOPMENT FOR THE REGION WHICH
MAY EASE DOUBTS AMONG SOME IN SOUTHEAST ASIA, NOTABLY IN
INDONESIA AND MALAYSIA, ABOUT CHINA'S LONGER-TERM INTENTIONS.

-- IN THIS CONNECTION WE ALSO BELIEVE IT IS VIETNAM'S
OBJECTIVE TO DRIVE A WEDGE BETWEEN THE PRC AND THE ASEAN
COUNTRIES BY PORTRAYING THE PRC AS THE REAL THREAT TO SOUTHEAST
ASIA. FOR EXAMPLE, VIETNAM'S EFFORTS TO SHIFT DISCUSSIONS
ON CAMBODIA FROM AN INTERNATIONAL FORUM TO A REGIONAL
ONE IS CLEARLY DESIGNED TO (A) GAIN ACCEPTANCE OF THE
INDOCHINESE COUNTRIES AS A BLOC, INCLUDING A FAIT ACCOMPLI
IN CAMBODIA AND (B) TO EXCLUDE CHINA FROM THE NEGOTIATING
PROCESS. WE MUST NOT LET THIS TACTIC SUCCEED AND TANGIBLE
PROGRESS IN PRC/ASEAN RELATIONS COULD BE HELPFUL IN THIS
REGARD.

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SINO-INDIAN RELATIONS

-- INDIA VIEWS THE PROSPECTIVE STRENGTHENING OF U.S.-PAKISTAN SECURITY RELATIONS AS A CHALLENGE TO IMPORTANT INDIAN FOREIGN POLICY OBJECTIVES. WE HAVE TRIED TO ALLAY THESE INDIAN CONCERNS, AND TO MAINTAIN A CONSTRUCTIVE DIALOGUE WITH THE INDIANS.

-- WE HAVE TOLD THE INDIANS THAT WE WANT GOOD RELATIONS WITH BOTH INDIA AND PAKISTAN AND THAT STRONGER U.S.-PAKISTAN TIES ARE NOT DIRECTED AGAINST THEM. WE HAVE THESE TIES IN THE CONTEXT OF OUR CONCERN WITH THE SOVIET THREAT TO THE PERSIAN GULF/SOUTH-WEST ASIA REGION.

-- DESPITE OUR EFFORTS, THE INDIANS CONTINUE TO BE CRITICAL. SO FAR, THEIR NEGATIVE REACTION HAS BEEN CONFINED TO RHETORIC, PROBABLY THE BEST WE CAN HOPE FOR.

-- AN IMPROVEMENT IN SINO-INDIAN RELATIONS COULD HAVE A SIGNIFICANT INFLUENCE ON THE WAY INDIA VIEWS ITS SECURITY ENVIRONMENT AND PLAY AN IMPORTANT ROLE IN MODERATING INDIAN REACTION TO U.S.-PAKISTAN RELATIONS. IT COULD ALSO OVER TIME CONTRIBUTE TO A LESSENING OF INDIAN DEPENDENCE ON THE SOVIET UNION AND ABET INDIAN CONCERN ABOUT SOVIET OBJECTIVES SPARKED BY THE AFGHANISTAN INVASION.

-- WE WELCOME FOREIGN MINISTER HUANG HUA'S VISIT TO INDIA. WE BELIEVE THIS CAN BE USEFUL BOTH FOR WHAT IT CAN ACCOMPLISH IN SPECIFIC AREAS OF BILATERAL RELATIONS AND FOR ITS SYMBOLIC VALUE. IT COULD ALSO PROVIDE AN OCCASION FOR CHINA TO REITERATE ITS INTEREST IN SUBCONTINENTAL STABILITY AND IMPROVED INDO-PAKISTAN RELATIONS.

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SOUTHEAST ASIAN INSURGENCIES

--WE ARE PLEASED TO NOTE THAT YOUR SUPPORT FOR SEVERAL
SOUTHEAST ASIAN INSURGENCIES HAS BEEN REDUCED.

--THIS ISSUE REMAINS A GENUINE IRRITANT TO THE ASEAN
GOVERNMENTS AND IS EXPLOITED BY FOREIGN POWERS WHICH HOPE
TO FOIL COOPERATION BETWEEN THE ASEAN STATES AND CHINA.

--WE URGE FURTHER STEPS TO PHASE OUT SUCH SUPPORT
COMPLETELY.

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KOREA

The Chinese desire stability on the Korean peninsula, but because of the competition with the Soviet Union for influence in North Korea, and of the perceived parallel with the PRC-Taiwan situation, they have refused to entertain suggestions for concrete cooperation such as parallel expansion of direct contacts with the two Koreas. We have pressed them in the past to caution their North Korean allies not to take provocative actions, and they have probably done so within the constraints noted above. China publicly supports North Korean demands for the withdrawal of foreign forces from the peninsula, []

B/45

TALKING POINTS

-- THE SITUATION IN SOUTH KOREA IS NOW FAIRLY NORMAL AND PRESIDENT CHUN'S GOVERNMENT IS FULLY FUNCTIONING. CONFIDENCE AND FULL COOPERATION HAS BEEN RESTORED TO OUR RELATIONSHIP AFTER A PERIOD OF SOME STRAIN.

-- WE ARE CONVINCED THAT PRESIDENT CHUN IS SERIOUS IN SEEKING A MEETING WITH PRESIDENT KIM IL-SUNG TO BEGIN THE PROCESS OF FINDING A MEANS OF REDUCING TENSIONS AND BUILDING COOPERATION ON THE PENINSULA WHICH CAN LEAD TO EVENTUAL UNIFICATION.

-- THE ESSENTIAL PREREQUISITES FOR POSITIVE CHANGE ON THE PENINSULA IS FOR NORTH KOREAN AUTHORITIES TO BE WILLING TO DEAL DIRECTLY WITH THE AUTHORITIES OF SOUTH KOREA. WE HOPE CHINA WILL QUIETLY ENCOURAGE NORTH KOREA TO ENGAGE IN SERIOUS DIALOGUE WITH THE SOUTH. IT IS NOT EFFECTIVE FOR PYONGYANG TO PRESS TO TRY TO RESOLVE KOREAN PENINSULA ISSUES WITH US. ANY SUCH MEETINGS MUST HAVE BOTH KOREAN AUTHORITIES FULLY AND EQUALLY REPRESENTED.

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-- (IF ASKED) THE PROPOSED ROK PURCHASE OF F-16 AIRCRAFT
LATER THIS DECADE POSES NO THREAT TO NORTH KOREA. IT IS PURELY
A DEFENSIVE REACTION TO THE PRESENTLY UNSTABLE SITUATION
CREATED BY CLEAR NORTH KOREAN AIR SUPERIORITY AND AGING F-86
AND F-5A/B AIRCRAFT IN THE ROK INVENTORY. THE ROK IS MAKING NO
ATTEMPT TO MATCH THE NORTH KOREAN AIR FORCE IN QUANTITY OF
COMBAT AIRCRAFT, BUT THE PROPOSED PURCHASES WILL REDUCE THE
PRESENT IMBALANCE IN COMBAT CAPABILITY IN THE AIR AND THUS
ENHANCE STABILITY AND REDUCE RISKS OF MISCALCULATION.

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China - Iran/Iraq Conflict

At the start of the conflict last September, China adopted a policy of strict neutrality towards Iraq and Iran. The Chinese feared that continuation of the conflict would benefit the Soviet Union by diverting attention from Afghanistan and offering opportunities for increasing Soviet influence in Iran.

Bias

The Chinese realize that they are not in a position to supplant the Soviets in Iraq. However, they probably are unable to resist the appeal of attempting to further reduce Soviet influence in Iraq and therefore seem to be tacitly supportive of western inroads into this traditional Soviet preserve. You will have to impress upon the Chinese our view that supplying arms to either side in the conflict threatens to prolong or intensify the war. This will offer the Soviets additional time and opportunities to improve their position in the region in general, and in Iran in particular.

TALKING POINTS

-- OUR POLICY IN THE CONFLICT HAS BEEN NOT TO TAKE SIDES, TO PREVENT IT FROM SPREADING, AND SEEK AN EARLY END TO THE FIGHTING.

-- WE SUPPORT THE TERRITORIAL INTEGRITY OF BOTH IRAN AND IRAQ AND WANT TO FORESTALL DEVELOPMENTS THAT OPEN THE AREA TO EXTERNAL THREATS AND MANIPULATION. WE ARE PARTICULARLY CONCERNED WITH ANY MOVE THAT WOULD FURTHER WEAKEN IRAN'S ABILITY TO RESIST SOVIET ADVENTURISM. THIS WOULD DIRECTLY INCREASE INSTABILITY AND DANGERS

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TO ALL IN THE GULF.

-- WE SEE BOTH IRAN AND IRAQ AS HAVING IMPORTANT ROLES TO PLAY IN A STABLE AND SECURE GULF. THIS WILL BE ASSURED ONLY IF WE ARE ABLE TO REACH AN EARLY AND NEGOTIATED END TO THE CONFLICT. TO THIS END, WE HAVE SUPPORTED CREDIBLE INTERNATIONAL INITIATIVES.

-- THE U.S. WILL CONTINUE ITS POLICY OF NOT SELLING DEFENSE ARTICLES AND SERVICES TO IRAQ AND IRAN. WE CONTINUE TO DENY ALL REQUESTS FOR USG APPROVAL TO TRANSFER TO EITHER IRAQ OR IRAN MILITARY EQUIPMENT MANUFACTURED ABROAD UNDER U.S. LICENSE.

-- WE WELCOME THE POSITION OF THE PRC TO MAINTAIN NEUTRALITY IN THE IRAN/IRAQ WAR, AND URGE THE PRC TO EXERCISE SIMILAR RESTRAINT IN PROVIDING ITEMS TO EITHER SIDE WHICH COULD PROLONG OR EXPAND THE WAR.

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PAKISTAN

TALKING POINTS

-- STRENGTHENING PAKISTAN IS OUR NUMBER ONE PRIORITY IN SOUTH ASIA BECAUSE OF PAKISTAN'S VITAL ROLE IN BLOCKING SOVIET EXPANSIONISM IN THE REGION.

-- WE HAVE ENTERED INTO A NEW RELATIONSHIP WITH PAKISTAN, A STEP WHICH WAS CONFIRMED BY OUR OFFER AND PAKISTAN'S ACCEPTANCE OF \$100 MILLION IN ECONOMIC SUPPORT FUNDS IN THE NEXT FISCAL YEAR.

-- UNDER SECRETARY BUCKLEY HELD TALKS IN ISLAMABAD JUNE 11-14 TO REACH AN UNDERSTANDING ON THE COMPOSITION OF A FIVE YEAR PROGRAM OF MILITARY AND ECONOMIC ASSISTANCE WHICH COULD TOTAL ABOUT \$3 BILLION.

-- THE GOAL OF A STRONG, MORE SELF-CONFIDENT PAKISTAN IS SUFFICIENT TO JUSTIFY OUR PROGRAM OF SUPPORT, THOUGH WE ALSO BELIEVE THAT, OVER TIME, GREATER SECURITY COOPERATION WOULD CONTRIBUTE TO DETERRENCE. THIS MUST, OF COURSE, BE ACCEPTABLE TO PAKISTAN.

- WE ARE ACUTELY CONSCIOUS OF INDIA'S ABILITY TO UNDERMINE OUR EFFORTS TO STRENGTHEN PAKISTAN AND WOULD WELCOME CHINA'S VIEWS AS TO HOW THIS CAN BE AVOIDED. WE WILL NOT, HOWEVER, GIVE INDIA A VETO OVER OUR PAKISTAN POLICIES.

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-- WE ARE ALSO CONCERNED THAT THE SOVIETS MAY INCREASE THEIR PRESSURE ON PAKISTAN IN THE COMING MONTHS. WE WILL BE CONSULTING WITH THE PAKISTANIS AND OTHERS ON HOW TO COUNTER SOVIET PRESSURE AND WOULD APPRECIATE YOUR VIEWS.

-- A PAKISTANI NUCLEAR TEST WOULD THREATEN OUR NEW RELATIONSHIP AS WELL AS REGIONAL SECURITY. THE PAKISTANIS KNOW OUR VIEWS. IT WOULD HELP IF CHINA WOULD UNDERSCORE ITS OWN CONCERNS

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CENTRAL AMERICA AND THE CARIBBEAN

The People's Republic of China has played a low-key, supportive role on Central American and Caribbean issues. They prefer, though, that in our description of the threat we specify "Soviet" or "Soviet proxy" rather than "Communist" interference.

TALKING POINTS

-- CUBA, WITH SOVIET BACKING, IS PROMOTING SUBVERSION THROUGHOUT THE CARIBBEAN BASIN AND ENGAGING IN A FULL-SCALE DIPLOMATIC AND PROPAGANDA OFFENSIVE TO SUPPORT ITS GOALS.

-- PRC CONDEMNATION OF SOVIET AND CUBAN INTERVENTION IN EL SALVADOR HAS HELPED ALERT THE WORLD TO SOVIET USE OF ITS CUBAN PROXY TO PROMOTE ITS EXPANSION IN THE NAME OF NATIONAL REVOLUTION.

-- THE PRC CAN PLAY A CONSTRUCTIVE ROLE IN INTERNATIONAL ORGANIZATIONS BY SUPPORTING LDC MODERATES AND OPPOSING CUBAN ACTIONS DESIGNED TO ADVANCE SOVIET AND CUBAN GOALS IN CENTRAL AMERICA AND THE CARIBBEAN.

-- THE PRC CAN ALSO HELP EXPOSE CUBAN AND SOVIET EXPANSIONISM IN THE CARIBBEAN BASIN TO LATIN AMERICAN AND EUROPEAN AUDIENCES.

-- U.S. ACTIONS ON EL SALVADOR ARE DESIGNED TO PREVENT THE CUBANS FROM OBTAINING ANOTHER BASE IN CENTRAL AMERICA.

-- OFTEN OVERLOOKED IS THE FACT THAT THE U.S. IS PROVIDING THREE TIMES AS MUCH ECONOMIC AS MILITARY ASSISTANCE TO EL SALVADOR. IN ORDER TO REDUCE THE VULNERABILITIES OF THE CARIBBEAN BASIN STATES, THE U.S. IS

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CONSULTING WITH OTHERS TO DEVELOP A MECHANISM TO ADDRESS
THE ECONOMIC PROBLEMS OF THE REGION.

-- OUR EFFORTS IN THE CARIBBEAN ARE DESIGNED TO PREVENT
CUBA FROM MAKING FURTHER INROADS AND TO PENALIZE GRENADA
FOR ITS CLOSE COLLABORATION WITH CUBA.

-- IT WOULD BE USEFUL FOR THE U.S. AND THE PRC TO
EXCHANGE INFORMATION ON CUBAN AND SOVIET ACTIVITIES IN THE
CARIBBEAN BASIN.

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AFRICA

I. General

Background

The Chinese share one of our primary interests in Africa: reducing Soviet and Cuban influence in Africa. They are concerned, however, that our contacts with South Africa have the effect of alienating black Africans and thereby of providing the Soviets with added opportunities to turn the countries and peoples of the continent against our shared objectives. The Chinese would welcome a proposal for high-level consultations on African issues.

Talking Points

-- A MAJOR AIM OF OUR POLICY IN AFRICA IS TO REDUCE THE EXISTING SOVIET AND CUBAN PRESENCE IN THE CONTINENT.

-- WE ALSO SEEK TO PREVENT OPPORTUNITIES FOR FURTHER INROADS BY STRENGTHENING OUR TIES WITH THE GOVERNMENTS OF BLACK AFRICA, AS WELL AS THROUGH DEALINGS WITH SOUTH AFRICA AIMED AT BRINGING ABOUT MORE MODERATE POLICIES TOWARD ITS NEIGHBORS.

-- WE SUGGEST THAT SENIOR OFFICIALS FROM OUR TWO MINISTRIES CONSULT ON AFRICAN ISSUES AND WOULD BE PLEASED TO WORK OUT DETAILS OF SUCH CONSULTATIONS AT AN EARLY DATE.

II. Southern Africa

Background

The development of our policies in southern Africa has reached a crucial juncture in recent weeks. South African Foreign Minister Pik Botha visited Washington May 14-15, providing the context for a new, improved relationship between the US and

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South Africa. As part of that new relationship, Botha agreed to provide us with a statement of the conditions under which South Africa would accede to Namibian independence. South Africa subsequently did that in rough form. Deputy Secretary Clark is in southern Africa June 10-13 seeking elaboration of the South African points and reinforcing our and South Africa's commitment to the effort to achieve an internationally acceptable settlement. Clark will also visit Namibia itself for consultations with the internal parties and Zimbabwe afterward for a meeting with Prime Minister Mugabe. In the meantime, the other members of the Western Contact Group, meeting in Washington May 21-22 at the Africa Bureau head level, expressed reservations at the direction away from the UN Plan (S.C. 435) that the Namibia negotiations are presently taking and asked us to pursue the matter bilaterally with South Africa at this time, to return to them at a later point.

Talking Points

-- WE REMAIN FIRMLY COMMITTED TO SEEKING AN INTERNATIONALLY ACCEPTABLE SETTLEMENT IN NAMIBIA.

-- WE BELIEVE THAT UN SECURITY COUNCIL RESOLUTION 435 REMAINS A BASIS FOR A SETTLEMENT BUT THAT SOUTH AFRICAN RESISTANCE TO IT MAKES IT CLEAR THAT IT WILL NEED TO BE SUPPLEMENTED BY ADDITIONAL ELEMENTS, INCLUDING CONSTITUTIONAL MEASURES, FOR IT TO RESULT IN NAMIBIAN INDEPENDENCE.

-- WE ARE FULLY PREPARED TO USE IMPROVED US BILATERAL RELATIONS WITH SOUTH AFRICA AS THE CONTEXT FOR THAT QUEST, TAKING INTO CONSIDERATION THE REACTION OF AFRICAN AND OTHER STATES, INCLUDING THE CONTACT GROUP.

-- WE BELIEVE THAT PROGRESS TOWARD A NAMIBIA SETTLEMENT CAN ENGENDER PROGRESS TOWARD NATIONAL RECONCILIATION IN ANGOLA AND EVENTUAL WITHDRAWAL OF CUBAN TROOPS FROM THAT COUNTRY.

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III. Angola

Background

China does not have relations with Luanda, is undecided on resuming aid to Jonas Savimbi, but wants reductions in Cuban and Soviet influence and presence in Angola.

Talking Points

-- RECONCILIATION BETWEEN THE MPLA AND UNITA IS A NECESSARY PREREQUISITE FOR CUBAN WITHDRAWAL.

-- MEANWHILE, IT IS IMPORTANT THAT SAVIMBI'S FRIENDS NOT ABANDON HIM.

Search

-- WE WOULD APPRECIATE CHINESE VIEWS ON HOW THIS RECONCILIATION PROCESS MIGHT BEST BE ENCOURAGED.

IV. The Horn of Africa

Background

The Horn is of strategic importance to the West because of its proximity to oil producers and oil routes; our military access to Kenya and Somalia supports our ability to project power in the Indian Ocean. China's attitudes largely parallel our own, with a principal focus on the military presence of Soviet and Cuban troops in Ethiopia. China provides military assistance to Sudan and Somalia--in the latter case, it is the chief source of fighter aircraft and pilot training. Chinese diplomats and ours enjoy a good working relationship in all the countries of the Horn.

Talking Points

-- OUR OBJECTIVE IN THE HORN IS TO MAINTAIN OUR OWN MILITARY ACCESS TO KENYA AND SOMALIA AND TO ELIMINATE THE SOVIET/CUBAN MILITARY PRESENCE IN ETHIOPIA.

-- PRESIDENT SIAD BARRE OF SOMALIA RECENTLY VISITED WASHINGTON AND SPOKE OF HIS STRONG CONCERN ABOUT SOVIET INFLUENCE IN ETHIOPIA. WE WELCOMED IMPROVED RELATIONS BETWEEN US AND SOMALIA.

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-- DEPUTY SECRETARY OF DEFENSE CARLUCCI WILL VISIT SUDAN
ON JUNE 22, WHICH WILL STRENGTHEN OUR COOPERATION WITH ANOTHER
KEY COUNTRY IN THE HORN.

-- WE WOULD WELCOME CHINESE VIEWS ON WAYS TO MEET OUR
COMMON OBJECTIVES IN THE HORN.

V. Zaire

Background

China's training of a brigade-size Zairian infantry unit
complements French, Belgian, and US efforts to help this
strategic country defend itself.

Talking Point

-- WE APPRECIATE YOUR EFFORTS TO ASSIST ZAIRE IN MODERNI-
ZING ITS ARMED FORCES AND ENCOURAGE YOU TO SUSTAIN THIS IM-
PORTANT ACTIVITY.

Discussions w/ French.

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THE SECRETARY

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CHINESE VICE CHAIRMAN DENG XIAOPING -
JUNE 16, 10:00 A.M. AT GREAT HALL OF THE PEOPLE

MAIN OBJECTIVES

1. Reassure him on Taiwan policy.
2. Explain U.S. policy initiatives on export/ munitions controls.
3. Reassure on U.S. response to Soviet threat/ strategic U.S.-PRC relationship.

BEAR IN MIND

1. Ongoing 6th Party Plenum with major leadership implications.
2. PRC rejects TRA as impediment and inconsistent with U.S.-PRC relationship/rejects and criticizes all arms sales to Taipei.
3. Sun Yat-sen's widow, Soong Ching-ling just died.

CHECKLIST

1. Zhao invitation to visit continues U.S.- PRC momentum.
2. Convey President's commitment to unofficial ties with Taiwan and enhanced strategic cooperation with China.
3. Confirm U.S. hope for peaceful resolution China-Taiwan problem.
4. Reserve U.S. materiel aid to Khmer resistance/sustain current division of Labor on support.

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DEPARTMENT OF STATE

BRIEFING MEMORANDUM

S/S

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TO: The Secretary

FROM: EA - John H. Holdridge *JH*

SUBJECT: Your Meeting Vice Chairman Deng Xiaoping, June 16

Arrival Scenario

At 1000, you and other U.S. participants will leave the Guest House by motorcade.

At 1015, you will arrive at the Great Hall of the People, North Entrance. You will be met at the entry door by Chinese protocol officials, who will escort you to the Fujian Room door. Vice Chairman Deng will greet you and your party at the conference room door.

Press Scenario

Chinese and accredited foreign journalists will be permitted in the conference room for approximately five minutes to photograph participants as the meeting begins. No other photo opportunities will be provided.

Participants

U.S.

Secretary Haig
Assistant Secretary Holdridge
Charge Roy
General Walters
Ms. Simkus

Chinese

Vice Chairman Deng Xiaoping
Vice Premier Huang Hua
Vice Foreign Minister Zhang Wenjin
Ambassador Chai Zemin
Director of American and Oceanian
Affairs Han Xu
Deputy Director of American and
Oceanian Affairs Zhu Qizhen
Deputy Director of American and
Oceanian Affairs Ji Chaozhu
Deputy Director of Protocol
Tang Longbin
(three notetakers)
Yang Jichi (interpreter)

Ms. Chang (interpreter)

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Departure

At approximately 1145, Vice Chairman Deng will escort you and your party to the Great Hall of the People exit door. (Exit door: to be advised.) You and your party will board a motorcade for return to the Guest House. You will arrive at the Guest House at about 1200.

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DEPARTMENT OF STATE

BRIEFING MEMORANDUM

S/S

SECRET

TO: The Secretary

FROM: EA - John H. Holdridge *JH*

SUBJECT: Your Meeting with Chinese Communist Party
Vice Chairman Deng Xiaoping

I. SUMMARY

Your meeting with Vice Chairman Deng Xiaoping will be your most authoritative exchange in Beijing. You should discuss with him US policy initiatives aimed at establishing a "strategic associate" relationship with China through an enhanced strategic dialogue and improved Chinese access to American civilian and military technology. Deng will provide the Chinese responses on questions such as Kampuchea and Afghanistan, which you will have raised with Foreign Minister Huang. The most sensitive issue in your meeting with Deng will be Taiwan, and it is with him that you will have to discuss the parameters of future policy and practice on both sides.

II. SETTING

During your visit, the collegiality of China's leadership system will be heightened by the atmosphere surrounding the Party's Sixth Plenum -- which will be going on or about to convene. Nevertheless, Deng, as "first among equals," has the power and authority either to reject your overtures for a new beginning to US-China relations, or argue persuasively in Party councils that they be accepted. Your task -- begun in your meetings with Foreign Minister Huang Hua -- will be to convince Deng that the new US strategic resolve vis-a-vis the Soviet Union, and associated with this, our initiatives aimed at enhancing the strategic component of the US-China relationship, are important enough to argue for continued Chinese forbearance on Taiwan issues in our bilateral relations.

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III. ISSUES

1. Convey our Determination to Counter Soviets: You will want to underline US resolve vis-a-vis Soviet and Soviet-proxy expansionism and assure Deng that President Reagan fully appreciates China's strategic importance to the US and our allies. Since you will have outlined our new Southwest and Southeast Asian policies to Foreign Minister Huang, you should expect that Deng will be prepared to discuss ways to coordinate our respective policies toward these areas.

2. You will want to impress Deng with our commitment to restore momentum to our relationship through a visit by Premier Zhao to Washington, resumption and expansion of strategic and other consultative ties, a loosening of export controls on civilian and military technology, and a series of cabinet-level visits

3. Taiwan will be the most sensitive issue in your meeting. You should reassure Deng that the Administration intends to respect the normalization agreement regarding the unofficiality of our dealings with the people of Taiwan. Your goal is to reach a modus vivendi, i.e. "an agreement to disagree" on the arms sales issue, by signaling our sensitivity to Chinese concerns over timing and substance. Deng will hit you hard with the argument that US arms sales to Taiwan undercut the Chinese attempt to engage the Taiwan leaders in a dialogue over reunification. On arms sales and other Taiwan questions generally, you should indicate our intention to proceed prudently, while pressing Deng to exercise maximum restraint in the public handling of these issues by the Chinese.

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BRIEFING MEMORANDUM

S/S

CONFIDENTIAL

TO: The Secretary

FROM: EA - John H. Holdridge *JPH*

SUBJECT: Your Meeting with Premier Zhao Ziyang, June 16

Arrival Scenario

At 1515, you and other U.S. participants will board a motorcade for Zhongnanhai. When you arrive at Zhongnanhai, your motorcade will drive to the Ziguang Ge (Purple Light Pavilion). Premier Zhao will greet you and your party at the Pavilion entrance and escort you to the conference room.

Participants

U.S.

Secretary Haig
Assistant Secretary Holdridge
Charge Roy
General Walters
Deputy Assistant Secretary
Armacost
NSC Staff Member Lilley
Mr. Goldberg
Office of Chinese Affairs
Director-designate Rope
(notetaker)
Ms. Chang (interpreter)

Chinese

Premier Zhao Ziyang
Vice Foreign Minister Zhang Wenjin
Ambassador Chai Zemin
Director of American and Oceanian
Affairs Han Xu
Deputy Director of American and
Oceanian Affairs Zhu Qizhen
Deputy Director of American and
Oceanian Affairs Ji Chaozhu
Deputy Director of Protocol
Tang Longbin
(three notetakers)
Yang Jichi (interpreter)

Departure Scenario

The meeting will end at about 1700. Premier Zhao will escort you and your party to the Pavilion entrance and bid farewell. You and your party will travel by motorcade to the Diaoyutai Guest House, arriving at about 1715.

Drafted: EA/C: NSilver

Cleared: EA/C: CWFreeman, Jr.
EA: MArmacost *MK*

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THE SECRETARY

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CHINESE PREMIER ZHAO ZIYANG -
JUNE 16, 9:30 A.M. AT GREAT HALL OF THE PEOPLE

MAIN OBJECTIVES

1. Extend invitation to visit as part of momentum of U.S.-PRC relationship.
2. Propose other cabinet-level visits.
3. Reiterate U.S. position vis-a-vis Soviet world posture.

BEAR IN MIND

1. Zhao is going to describe PRC domestic situation.
2. Zhao may go to Cancun for North/South meeting.
3. Zhao is being groomed by Deng.

CHECKLIST

1. Offer to consult in advance with PRC on Cancun meeting developments.
2. Mention U.S. interest in cooperation on PRC domestic nuclear program -- Guangdong project.
3. Suggest further Cabinet-level exchanges.

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BRIEFING MEMORANDUM

S/S

SECRET

TO: The Secretary

FROM: EA - John H. Holdridge *JH*

SUBJECT: Your Meeting with Chinese Premier Zhao Ziyang

I. SUMMARY

Your meeting with Premier Zhao should be one of the most relaxed of your meetings in Beijing. You will be reiterating to Zhao the President's invitation for him to visit Washington, and setting this invitation in the context of measures to restore momentum to US-China relations, including a meeting of our Joint Economic Committee in Beijing this fall. Zhao will probably brief you on Chinese economic reforms and readjustment measures, and, depending on the timing of the Party's Sixth Plenum, may also brief you on domestic political developments. Zhao will probably attend the Cancun summit and you will want to raise with him North/South issues. You may also wish to raise nuclear issues.

II. SETTING

This meeting will take place after your meeting with Foreign Minister Huang and before your meeting with Vice Chairman Deng. Premier Zhao usually briefs foreign visitors on Chinese domestic developments. He has taken only two trips abroad (to Burma and Thailand in Southeast Asia, and Pakistan, Nepal and Bangladesh in South Asia) since his appointment as Premier last September.

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III. ISSUES

1. Discuss Steps to Give Bilateral Relations Momentum: When reiterating the President's invitation to Zhao to visit Washington in early December or shortly after New Year's, place the invitation in the context of measures to restore momentum to the US-China relationship. Other measures you should discuss are the scheduling of cabinet/ministerial visits, including a late summer meeting of the Joint Economic Committee, and the resolution of several outstanding bilateral trade, economic and consular matters. Many of these issues will have already been raised with other Chinese leaders, and Zhao may have a response.
2. Zhao's Attendance at North/South Summit: You should note Zhao's probable attendance at the Cancun Summit on North/South issues. You may offer to coordinate our views on North/South issues but should expect that Zhao will have little of substance to say. Cancun will represent the first serious Chinese participation in the North/South issue. They can be counted on to lead an attack on Soviet activities in the Third World, but it remains to be seen whether they will go beyond ritualistic support for developing world positions on the substantive economic questions at the summit.
3. Nuclear Cooperation: You may also wish to discuss our desire for bilateral nuclear cooperation and participation in Chinese nuclear projects, starting with the Guangdong reactor project.

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GLOBAL NEGOTIATIONS AND THE
NORTH-SOUTH ECONOMIC SUMMIT

The Chinese and a number of other participants may want to use the Cancun Summit to overcome U.S. resistance to Global Negotiations in the UN General Assembly. China decided to attend only after it was generally known that the U.S. would go and the USSR, although invited, would not. Other Asian countries attending are Bangladesh, India, Japan and the Philippines.

TALKING POINTS

-- WE PROPOSED IN NEW YORK ON MAY 5 THAT THE ISSUE OF GLOBAL NEGOTIATIONS BE DEFERRED AT LEAST UNTIL THE NEXT REGULAR SESSION OF THE GENERAL ASSEMBLY AND AFTER OTHER SCHEDULED INTERVENING DISCUSSIONS, INCLUDING THE ECONOMIC SUMMITS IN OTTAWA (JULY 19-21) AND CANCUN (OCTOBER 22-23).

-- THE HEADS OF STATE WILL BENEFIT FROM EACH OTHER'S EXPERIENCE AND PERSPECTIVES AND WILL BE IN A BETTER POSITION TO DECIDE LATER ABOUT GLOBAL NEGOTIATIONS.

-- THE DEFERRAL OF PREPARATIONS FOR GLOBAL NEGOTIATIONS WILL PROVIDE A USEFUL OPPORTUNITY FOR ALL COUNTRIES TO REVIEW THEIR POSITIONS ON THIS ISSUE.

-- THE UNITED STATES IS ENGAGED IN A BROAD AND SYSTEMATIC REVIEW OF ITS ECONOMIC RELATIONS WITH DEVELOPING COUNTRIES. OUR FUTURE DECISIONS ON GLOBAL NEGOTIATIONS WILL BE BASED ON THE RESULTS OF THIS REVIEW.

-- WE CONTINUE TO BE SKEPTICAL ABOUT THE VALUE OF GLOBAL NEGOTIATIONS. NEGOTIATING CERTAIN MONETARY AND TRADE ISSUES

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IN NEW YORK COULD INTERFERE WITH THE COMPETENCE, POWERS, AND FUNCTIONS OF THE SPECIALIZED MULTILATERAL ECONOMIC INSTITUTIONS.

-- WE SEE THE CANCUN SUMMIT AS A GENERAL DISCUSSION AIMED AT DEFINING PROBLEMS, RATHER THAN REACHING CONCLUSIONS ON GLOBAL NEGOTIATIONS OR ANY OTHER ISSUE. THIS IS IN KEEPING WITH DECISIONS OF THE FOREIGN MINISTERS FROM THE ELEVEN SPONSORING NATIONS WHO SAID ON MARCH 13 THAT THE SUMMIT WOULD BE OPEN AND INFORMAL WITH NO COMMUNIQUE AND NO FORMAL AGENDA.

-- PRESIDENT REAGAN'S INVITATION TO CANCUN WAS DELIVERED JUNE 8 BY PRESIDENT LOPEZ PORTILLO. WE ARE JUST BEGINNING OUR PREPARATIONS FOR THE SUMMIT AND FOR THE FOREIGN MINISTERS' MEETING ON AUGUST 1-2.

-- WE WOULD BE INTERESTED IN LEARNING THE POINTS WHICH CHINA AND OTHER PARTICIPANTS INTEND TO MAKE AT THE SUMMIT. WE BELIEVE THAT IT WILL BE A GOOD OPPORTUNITY TO EXCHANGE VIEWS ON SUCH GLOBAL ECONOMIC PROBLEMS AS FOOD, ENERGY, PROTECTIONISM, THE ENVIRONMENT, AND POPULATION.

-- (IF ASKED) WE UNDERSTAND THAT THE SPONSORS HAVE DECIDED NOT TO INVITE CUBA TO THE CANCUN SUMMIT. THE UNITED STATES WILL NOT ATTEND IF CUBA DOES. THE CARIBBEAN REGION IS ALREADY REPRESENTED BY GUYANA.

JUNE 8, 1981

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BRIEFING MEMORANDUM

S.S

CONFIDENTIAL

TO: THE SECRETARY

FROM: EA - John H. Holdridge *AJD*

SUBJECT: Your Meeting with Chinese Vice Premier Bo Yibo

I. SUMMARY

The Chinese have arranged a meeting with Vice Premier Bo, whom you met in New York in September 1980 when Bo headed the Chinese delegation to the first annual US-China Joint Economic Committee meeting. The focus of your meeting with Bo will be on US-China bilateral economic relations.

II. SETTING

Your meeting with Bo comes before your meeting with Premier Zhao. It will be a useful opportunity to foreshadow the economic matters you plan to raise with Zhao.

III. ISSUES

You may wish to indicate to Bo that, in the context of resuming momentum in our bilateral relationship, we attach great importance to scheduling the second annual US-China Joint Economic Committee (JEC) meeting in Beijing in the Fall. The JEC can continue the fruitful dialogue begun last September on financial relations and each government's economic policies. Treasury Secretary Regan will head the US delegation.

You may also wish to note that President Reagan recently decided to propose the creation of a US-China Trade and Commerce Commission, to be headed on the US side by Commerce Secretary Baldrige. This forum will be able to deal more effectively with commercial issues

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previously handled in the JEC, such as trade development, industrial cooperation, business facilitation, economic data exchange and the opening of government trade offices in each other's territory. We hope the Chinese government will agree to this proposal.

It would be useful to set the dates for both committees as early as possible. This will allow both governments to do the preparatory work in a manner that will make the meetings between our economic planners most productive.

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BRIEFING MEMORANDUM

S/S

SECRET

TO: The Secretary

FROM: EA - John H. Holdridge *JH*

SUBJECT: Your Meeting with Chinese Defense Minister Geng Biao

I. SUMMARY

Your meeting with Vice Premier/Defense Minister Geng Biao will provide an opportunity for detailed discussions of global and regional security issues and US-China security cooperation. You will want to describe plans to strengthen our global force structure as well as recent improvements in our military posture in the Pacific and Indian Oceans. You will also want to outline our intention to further relax export controls on dual-use technology and munitions list sales to China.

II. SETTING

As the guest, you should make the first presentation. The Chinese will be looking for confirmation of our resolve to act effectively to oppose the armed spread of Soviet influence. Geng will stress the importance of China's defense modernization program, including the acquisition of carefully selected foreign military technology, to meeting the Soviet threat. Last year Geng led a delegation to the US that discussed this with Defense Secretary Brown. In noting the value we attach to our relations with China, you will want to assure him that we consider a strong China an indispensable bulwark against Soviet and Soviet-proxy expansionism and that we are prepared to implement policies to advance our security cooperation.

III. ISSUES

1. Your main purpose is to impress upon the Chinese that we are resolved to strengthen US military capabilities and intensify consultations with allies and friends in order to deny the Soviets opportunities for further strategic gains.

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2. You will want to describe actions by the Administration to build up US defense forces, including defense budget increases and giving substance to the RDF, and to support our friends, such as Pakistan. In this context, you should outline recent improvements in US military posture and deployments in the Pacific and Indian Oceans. You might also brief Geng on the status of our consultations with NATO, Japan, Thailand, the Philippines, Australia, and New Zealand on joint actions to bolster our military posture in Europe and East Asia.

3. Underlining the value of US/China consultations on security issues, you should solicit details of China's military assistance to the Khmer and Afghan resistance movements. You should also note that while we share an interest in reducing the dependence of third countries on the Soviet Union as a source of military equipment, we must ensure that our military exports are not diverted to objectionable destinations, such as Libya.

4. You should also point out that Chinese exports of sensitive nuclear materials without adequate safeguards could damage our shared strategic interests.

5. In conveying our plans to further relax export controls on dual-use technology and munitions list sales to China, you should stress that we intend henceforth to move forward in treating China as a friendly non-allied country. Arms sales will be sensitive because of allied and domestic concerns. We wish to have further discussions with the Chinese about their specific needs before we consult in detail with our allies and the Congress.

Drafted: EA/C:JJBuczacki:jbb
5/27/81 X21004

Concurrence: *John MA*
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P: DWeisz
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S/P: MMinton.
PM/P: RClarke
OES/NEP: JSalmon

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BRIEFING MEMORANDUM

S/S

SECRET

TO: The Secretary

FROM: EA - John H. Holdridge *John*

SUBJECT: Your Meetings with Chinese Foreign
Minister Huang Hua

I. SUMMARY

Your two meetings with Vice Premier and Foreign Minister Huang Hua will be opportunities for technical, nitty-gritty discussions on global, strategic and regional issues. You will also want to foreshadow discussions with Party Vice Chairman Deng, Premier Zhao and Vice Premier Geng Biao on a range of topics including the strategic dialogue, our relaxation of export controls on technology, and other bilateral matters. I will cover some bilateral issues in my meeting with Vice Foreign Minister Zhang Wenjin.

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SECRETARY HAIG'S TRIP TO
THE PEOPLE'S REPUBLIC OF CHINA

June 14-17

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2. First Meeting with Huang Hua
3. Welcome Banquet

JUNE 15

1. Second Meeting with Huang Hua
2. Meeting with Bo Yibo
3. Meeting with Geng Biao

JUNE 16

1. Meeting with Zhao Ziyang
2. Meeting with Deng Xiaoping
3. Farewell Banquet

JUNE 17

1. Press Conference
2. Departure

ADDITIONAL BIOGRAPHIC MATERIAL

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